Austria	Sch 20	Indonesia	Rp 3100	Philippines	Pes 20
Bahrain	Din 0.650	Israel	NS 3.50	Portugal	Esc 100
Belgium	BFr 45	Italy	L 1500	S. Arabia	Rls 6.00
Canada	C$1.00	Japan	Y600	Singapore	S$4.10
Cyprus	C£0.75	Jordan	Fils 500	Spain	Pta 125
Denmark	DKr 9.00	Kuwait	Fils 500	Sri Lanka	Rup 30
Egypt	E£1.50	Lebanon	[illegible]	Sweden	SKr 8.00
Finland	Fmk 7.00	Luxembourg	LFr 45	Switzerland	[illegible]
France	FFr 6.50	Malaysia	Rgt 4.25	Taiwan	[illegible]
Germany	DM 2.20	Mexico	Pes 300	Tunisia	Din 0.800
Greece	Dr 80	Morocco	Dh 6.00	Turkey	L 350
Hong Kong	HK$12	Netherlands	Fl 3.00	U.A.E.	Dh 6.50
India	Rup 15	Norway	Nkr 7.00	U.S.A.	$1.00

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FINANCIAL TIMES

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Britain's obsession with government secrets, Page 14

World news

UK envoy 'angered Beirut captors'

Kidnappers negotiating with Terry Waite, the British church envoy, for the release of American hostages had taken him prisoner because they were angry at his inability to secure the release of 17 Shia activists held in Kuwait jails, a senior Moslem militia official said in Beirut yesterday.

Waite, who disappeared on January 20, was said to have promised to seek a formula for freeing the 17 despite having been refused entry to Kuwait last year. Kuwait last week repeated its rejection of any swap between its prisoners and hostages of the Iranian-linked Islamic Jihad organisation.

India-Pakistan pact

India and Pakistan signed an agreement to defuse tensions and reverse the build-up of troops along their border.

Moscow N-test hint

The Soviet Union condemned the latest US nuclear test as a provocation and hinted it would soon resume its own testing programme after a pause of almost 18 months.

Gorbachev warning

Mikhail Gorbachev, the Soviet leader, told former US Secretary of State Henry Kissinger and other former US officials at a meeting in Moscow that there were forces in America which stood to benefit from hostility between the two countries.

Peace nominees

Corazon Aquino, Nelson Mandela, Bob Geldof and Terry Waite were among 56 people nominated for the 1987 Nobel Peace Prize.

Barclays inquiry

The South African Government is investigating allegations denied by Barclays Bank's local managing director that he financed newspaper advertisements supporting the banned ANC guerrilla group.

US-Morocco pact

The US and Morocco signed an agreement under which Morocco will allow an air force base to be used for emergency landings of the US space shuttle, Nasa said.

Popularity slips

Support for Charles Haughey's Fianna Fail in Ireland has slipped to 50 per cent while Garret FitzGerald's Fine Gael has strengthened slightly to 24 per cent, an Irish Times newspaper poll said. The general election is on February 17.

Protests in Spain

Spanish students demanding changes in the educational system disrupted trading on the Barcelona stock exchange. Earlier, 45 people were injured in a protest in Madrid.

Egyptian referendum

President Hosni Mubarak of Egypt ordered a national referendum to be held on February 12 which will decide whether the three-year old People's Assembly will be dissolved.

Polish miners killed

An explosion sparked off by methane gas tore through a coal mine in southern Poland, killing 17 miners and injuring 20 others.

Liberace dies

Liberace, glittering showman who dazzled audiences with romantic piano flourishes and outrageous flashy costumes, has died aged 67.

US wins yacht cup

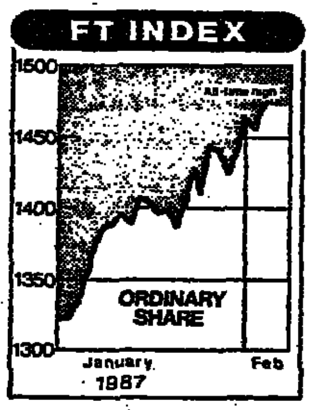
Stars and Stripes of the US beat Australia's Kookaburra III by one minute 59 seconds in the fourth race of the America's Cup yacht race final, winning the best-of-seven series 4-0. Page 3

Business summary

Fermenta rescue plan gets under way

FERMENTA, embattled Swedish chemicals and antibiotics group, has won the agreement of its four main Swedish banks to support the first stage of a financial rescue plan to stave off a looming liquidity crisis. Page 15

THYSSEN, biggest West German steel and engineering concern, incurred a 22.1 per cent fall in turnover in the first quarter after a 30 per cent fall in group pre-tax profits last year. Page 15



LONDON: Firm sterling and buoyant government bonds rekindled the stock market as the FT-SE 100 surged 18.1 to a fresh peak of 1,846.7 and the FT Ordinary index added 14.3 to a record 1,472.8. Gilts made gains of up to a full point. Page 32

TOKYO: Buying interest centred on large-capital issues and stocks related to Aids drugs. The Nikkei average ended at 19,973.87, up 17.54. Page 32

WALL STREET: The Dow Jones industrial average closed 22.78 at 2,191.23. Page 32

DOLLAR closed in New York at DM 1.8145; SFr 1.5305; FFr 6.0630; Y152.70. It rose in London to DM 1.8150 (DM 1.7975); to FFr 6.0550 (FFr 6.0025); to SFr 1.5320 (SFr 1.5175); and to Y152.75 (Y152.40). On Bank of England figures the dollar's index rose to 103.5 from 103.0. Page 25

STERLING closed in New York at $1.5225. It fell in London to $1.5225 ($1.5280); it also fell to Y232.50 (Y232.75); but rose to DM 2.7625 (DM 2.7475); to FFr 9.22 (FFr 9.1725); and to SFr 2.3325 (SFr 2.3175). The pound's exchange rate index rose 0.2 to 68.5. Page 25

GOLD rose $3.50 to $404.75 on the London bullion market. It also rose in Zurich to $403.00 ($401.95). In New York the April Comex settlement was $406.20. Page 24

DRESDNER Bank of West Germany doubled its stake in Metallgesellschaft to 33 per cent by assuming full ownership of the metals group's holding company.

WEST GERMAN unemployment rose sharply last month to 10 per cent of the workforce against 8.9 per cent the previous month, partly reflecting harsh winter weather conditions.

AMERICAN Home Products made an unspecified takeover offer for A. H. Robins, US health-care company facing product liability claims related to its Dalkon Shield contraceptive. Page 14

FIRST BOSTON, Wall Street investment bank, increased its full year net income by 38.5 per cent to $180.5m or $5.01 per fully diluted share. Page 16

BOUYGUES, leading French construction group, reported an 8 per cent increase in net profits to FFr 480m ($81.3m) from FFr 443m ($75m) last year. Page 15

BANCO CENTRAL, largest Spanish commercial bank, is proposing to raise its divident from Pta 115 to Pta 150 per Pta 500 nominal share on profits which rose almost 40 per cent before tax last year. Page 16

ROVER GROUP, UK state car and truck manufacturer, is looking forward to a year "better than 1986 in almost every respect," said Graham Day, its chairman. Page 6

Germany faces legal action for impeding EEC anti-cartel raid

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission yesterday started legal action against West Germany for allegedly failing to enforce EEC anti-cartel rules and imposed immediate fines on Hoechst, the Frankfurt chemicals company.

Hoechst is to be charged Ecu 1,000 ($1,160) per day from today until it agrees to admit to its headquarters Commission inspectors looking for evidence of possible illicit price fixing in two widely used kinds of plastics.

The group is among eight chemicals companies which were the target of surprise raids two weeks ago during a Commission inquiry into infringements of competition regulations in PVC and polyethylene.

Hoechst, which said yesterday that it would appeal against the penalites, obtained a provisional injunction from Frankfurt Administrative Court on January 20 denying entry to the Commission officials.

If Hoechst continues to refuse to co-operate, the Commission can fine it another Ecu 5,000 quite apart from the much larger penalties available if the companies involved are found guilty of running a cartel.

Even if the present penalties are minute for a company of Hoechst's size, they were seen in Brussels yesterday as underlining the Commission's anger.

In a separate move, the Brussels authorities are charging West Germany with failure to fulfil its obligations under the Treaty of Rome, the EEC's founding charter.

They have given the Bonn Government 15 days to come up with an explanation of why the Frankfurt court is backing Hoechst in an apparent contravention of EEC laws obliging companies to comply with investigations.

If Bonn does not respond promptly, the Commission can take West Germany to the European Court of Justice of Luxembourg.

Member states are normally given about two months rather than two weeks to respond to allegations that they are failing to observe Community law, a mark of the seriousness with which the Commission is taking the incident.

This is the first time a local court has given an injunction against an EEC inquiry.

The Commission said yesterday that it considers the case to be of the utmost importance and is determined to take every step necessary to overcome "this attempt to frustrate the application of this lawfully adopted decision."

The other companies involved, in France, Belgium, Italy, Spain and the Netherlands, handed over documents as asked, but the Commission has not yet ruled out the possibility that more raids might be on the way.

The investigation arises from evidence collected during a 1983 inquiry into price fixing by 15 polypropylene producers, culminating last year with record fines of £37m.

AP adds from Brussels: Under article 169 of the EEC's founding treaty, the Commission can sue any EEC Government if it feels the member state has not fulfilled its obligations under the treaty. EEC search warrants have never been challenged before.

Officials said if the Commission loses its case against Hoechst and the Bonn Government it would have far-reaching implications for its efforts to control cartel-forming by EEC companies.

But they said they felt reassured by a 1964 EEC Court of Justice ruling that argued that law stemming from the treaty could not be overridden by national laws without the legal basis of the Community itself being called into question.

Standard Chartered asks Bank to investigate loans

BY CLIVE WOLMAN IN LONDON

STANDARD Chartered, the London-based international bank, yesterday asked the Bank of England to appoint inspectors to investigate the loans made to the supporters of its defence against a £1.3bn ($1.95bn) takeover bid from Lloyds Bank last summer.

The bank's move was prompted by reports and claims in the press, in particular about its loans to the National Bank of Brunei, which has now been shut down by the Brunei authorities, and is owned by Tan Sri Khoo Tek Puat, the Malaysian financier. Tan Sri Khoo bought a 6 per cent stake in Standard Chartered during the three-month takeover battle which helped to defeat the Lloyds bid.

Standard Chartered yesterday repeated its denial that it gave any form of inducement to the supporters of its defence against Lloyds, as such inducements might be a breach of the Companies Act. Its share price initially fell 24p to 730p before recovering later to 738p.

This is believed to be the first time the Bank of England has carried out an investigation into a bank the size of Standard Chartered. Investigations are normally carried out on the Bank's own initiative and in secrecy for fear of undermining the confidence of depositors. In this case, the Bank had already questioned Standard Chartered about its loans to the National Bank at a much earlier date and had discussed the role of Tan Sri Khoo and Standard's other bid supporters. The initiative for a fuller investigation came from Standard Chartered.

The investigation is likely to cover all the loans from Standard Chartered which have been made in recent years to its foreign supporters in the takeover battle. Representatives of an accountancy firm and a legal firm are expected to be appointed as inspectors to carry out the investigation under section 17 of the Banking Act.

Following Standard Chartered's request to the Bank of England, a series of discussions were held yesterday between officials of the Bank and the Government's Department of Trade and Industry as to who should conduct the inquiry.

A Bank of England investigation has much more limited powers than an investigation by the Department of Trade and Industry of the type which is currently being carried out into the affairs of Guinness. In particular, the Bank has no authority to compel the production of evidence by people who are not officials of Standard Chartered or of other banks under its regulatory control.

This is expected to limit its ability to investigate the stock market operations involving Standard Chartered's supporters, particularly in the final week of the takeover battle. It may however be able to obtain information relating to Standard Chartered loans from foreign banking supervisory authorities, in particular in Brunei. The DTI confirmed yesterday that it was not aware of evidence to justify the setting up of its own investigation under the Companies Act.

In a related development, Standard Chartered last night issued a writ against the Financial Times claiming an injunction and damages for libel arising from an article in yesterday's newspaper.

USX to cut steelmaking capacity and reduce workforce by 20%

BY ANATOLE KALETSKY IN NEW YORK

USX, the US steelmaking and energy group which has just fended off a takeover bid from Mr Carl Icahn and settled the longest strike in its history, is cutting its steelmaking capacity from 26m to 19m tonnes, indefinitely idling five major plants and laying off nearly 20 per cent of its steelmaking workforce.

After taking this action, USX will move to regain its pre-strike share of the US steel market at almost any cost and will later consider spinning off its steelmaking operations or forming them into a joint venture.

Mr David Roderick, USX chairman, admitted that his determination to rebuild sales could further undermine prices in a market which is already fiercely competitive. In order to restore the pre-strike sales volume of 1m tonnes of steel a month by the second half of 1987, "we will sell steel at whatever the market place will pay," Mr Roderick said.

Making his first public statement since the end of steelworkers' strike and the announcement of record charges of $1.6n for the fourth quarter of 1986, Mr Roderick said that all the costs of the consolidation he was announcing in detail yesterday had already been included in the 1986 charges.

Having consolidated and strengthened its steelmaking operations after the strike, USX would carry out its previously announced plan to turn US Steel into a separate legal entity. Once that was done, Mr Roderick said he would consider numerous restructuring options, which the company had previously played down in public statements.

These would include spinning off US Steel to shareholders, making a public offering for part of its stock, establishing it as a joint venture or retaining it as a 100 per cent owned subsidiary of USX. Whichever option was adopted "US Steel will continue to be the biggest steelmaker in the US market, with the capacity we have now determined," Mr Roderick added, implicitly rejecting the possibility of any further capacity reductions.

Mr Roderick added that the fall in the dollar had not yet gone far enough to satisfy the needs of US industry in general. The costs at USX, however, were now competitive with any steelmaker in Europe or Japan, he said.

Filipino military ordered to swear allegiance

By Richard Gourlay in Manila

ALL MEMBERS of the Philippines armed forces will be required either to swear an oath of allegiance to the country's new constitution or resign.

President Corazon Aquino and her Cabinet are using the overwhelming support of the population in Monday's referendum on the new constitution as a lever to try to unite both right wing military dissidents and extreme left wing rebels behind the Government.

This seems likely to prove difficult. The army and navy in Manila voted narrowly in favour of the new constitution while the Air Force rejected it. Elsewhere in the country many in the armed forces voted against although it seems that overall a majority will have voted in favour.

The Government also urged the rebels to respect the vote for a new constitution and return to the negotiating table to try to end the 18-year insurgency in the southern rural areas. A 60-day ceasefire expires at midnight on Saturday and there are signs that both the military and the rebels expect renewed conflict soon if not immediately after it ends.

Mrs Aquino said last night in a television interview that she respected the right of soldiers to vote as they liked but that they were now obliged to respect the will of the majority.

The oath of allegiance will be administered immediately the new charter is officially ratified and will demonstrate the military's respect for civilian authority, the Government said.

Since Mrs Aquino took power last February, rumours of military coups and two actual military rebellions have plagued her Government. The latest rebellion on January 27, by 500 soldiers claiming to be against an alleged increase in communist influence in the cabinet, ended after an air force intelligence colonel led a 56-hour occupation of a television station.

Reuter reports from Manila: President Aquino said early today the 60-day ceasefire should be extended when it expires because the people wanted peace in the Philippines.

She said on television that her Government would push to continue the peace talks which collapsed after soldiers killed 15 people in an anti-government demonstration last January 22.

US oil groups and Saudis in long-term deal

BY RICHARD JOHNS IN LONDON

FOUR major US oil companies – Exxon, Mobil, Texaco and Socal – have concluded long-term agreements with Saudi Arabia to buy almost 1.3m barrels a day (b/d) of crude oil at the official selling rates set by the Organisation of Petroleum Exporting Countries (Opec).

The deal surprised the industry as well as traders because the four companies had been reluctant to commit themselves to fixed prices more than a month ahead. This reflected uncertainty over Opec's price structure, which came into force at the beginning of this month.

The agreement was seen yesterday as support for Opec's price system by the four oil companies which have been the Kingdom's most important customers.

The agreement is also seen as reflecting confidence in Saudi Arabia's ability to stabilise prices around $18 a barrel.

The group also clearly wants to preserve its special relationship with Arabian American Oil, the state oil company, which they owned before its nationalisation.

The group's so-called "evergreen" contracts of indefinite duration are subject to cancellation or renegotiation at one month's notice by either party. However, it is understood that the four oil companies have agreed to pay the new official selling prices until the end of June – but with an important proviso relating to actual volumes.

The accord apparently entitles them to lift as little as 50 per cent of contract volumes, compared with a leaway of 10 per cent under the old contracts which expired at the end of January. These were based on the "net-back" pricing system determined by actual market realisations for products, less refining and transportation costs.

In addition, the new contracts – unlike the old deals – are believed to allow the US majors to resell to third parties.

If the oil companies were to take their full entitlements, it would be a major boost for Saudi Arabia's ef-

Continued on Page 14

Brussels postpones farm price package

BY TIM DICKSON IN BRUSSELS

EEC COMMISSIONERS last night temporarily abandoned their attempt to agree a package of farm price proposals for the year beginning in April.

In a stormy meeting in Brussels yesterday, the 17-man Commission became badly bogged down discussing the far-reaching ideas of Mr Frans Andriessen, the EEC's Agriculture Commissioner, to change the complex system of green currencies and Monetary Compensatory Amounts (MCAs).

Green currencies are the notional exchange rates used to translate common EEC support prices into national currencies. In the past they have been openly manipulated to cushion the effect of an otherwise harsh farm price regime.

Agricultural trade between member-states, meanwhile, is directly affected by MCAs, border taxes and subsidies theoretically aimed at evening out the effect of exchange rate differences. However, in practice they are an increasingly political set of bargaining chips during annual price negotiations.

The Commission had been widely expected to approve a set of proposals which has already been discussed exhaustively by senior officials over the past 10 days. Their failure to do so reflects the unusual sensitivity of many of the issues involved

Agriculture ministers were due to take a first look at the price proposals at their meeting in Brussels next Monday, but a Commission official said last night that the Commissioners would not be meeting again until Tuesday.

Besides the "agri-monetary" question, two other issues were expected to be controversial:

- Proposed cuts in cereal prices and other measures to restrict the cost to the EEC of guaranteed "intervention" purchases of wheat. In the context of what is known to be a restrictive set of prices drawn up by Mr Andriessen and his officials, other Commissioners apparently raised few serious objections;
- Plans for a new oils and fats tax designed as part of a major overhaul of the oils and fats sector.

This is a highly contentious plan, since it would directly hit consumers and although carefully drafted to be non-discriminatory would be interpreted by the US as a clear playback on its soyabean industry.

CONTENTS

An absurd personal row looms over today's meeting with Thatcher, writes **Quentin Peel**

Questing Delors steps into the British lion's den

DOZENS of senior diplomats and Eurocrats in Brussels would probably give a month's salary to be flies on the wall today at a fascinating confrontation scheduled for No 10, Downing Street.

Mr Jacques Delors, president of the European Commission, will be meeting Mrs Margaret Thatcher, the British Prime Minister, for an hour's tete-a-tete on the future of the European Community— their first encouncter since they clashed publicly and acrimoniously in the European Parliament last December.

That occasion, coming on top of a disastrous joint news conference at the end of the EEC summit in London one week earlier, left their previously cordial relations in tatters. Mr Delors, a man whose considerable intellectual powers are liberally spiced with Gallic passion, took the affair very much to heart.

Mrs Thatcher also let it be known in her familiar style — she took several indidual European Commissioners to one side in Strasbourg to press the point home — that she was fed up with the Commission president, and she was not prepared "to pay a penny more" of British cash to Brussels for the foreseeable future.

Now, Mr Delors is coming to London to ask for just that. In return for a promised overhaul of the Common Agricultural Policy and tighter control of EEC spending, he wants the 12 member states to commit themselves to doubling their joint spending on social and regional policies, and to raise their budget contributions so that the Community can escape its perennial cash crisis.

It promises to be a very long and very difficult debate on the whole future shape and size of the Community, pitting the richer northern states against the less industrially-developed south—and reopening the whole agonising question of the British budget rebate.

Mr Delors has already visited more than half the EEC capitals on his great trek—agreed with the heads of state and government at the London summit—and received predictable responses: a warm welcome in the south, like Rome and Madrid, and decided budgetary caution both in Paris and the Hague. London today, and Bonn next week will be his most difficult stops of the lot.

Whatever the state of their personal relations, it is inevitable that Mrs Thatcher will give Mr Delors a rough first ride. Her advice from both the Treasury and the Foreign Office is to say what she wants to say: No. But it is also to avoid becoming isolated once again in the European debate, as she was in the great battle from 1979 to 1984 to win a guaranteed reduction in the hefty UK net contribution to Brussels.

The absurdity about their personal row is that it stems from a misunderstanding. At the close-of-summit news conference, Mrs Thtacher forgot to call on the Commission president to present his own conclusions—until she had already begun to answer questions from the floor.

By the time she turned to him, he was already feeling snubbed, and declined to comment. She then added insult to injury by making a series of patronising remarks

In the European Parliament, Mr Delors spoke after the Prime Minister, and made it clear he was unhappy about the lack of substance in the London summit conclusions—an outcome in which he had himself conspired.

Needled by his tone, and stung by a whole series of critical speeches by dedicated MEPs, Mrs Thatcher savaged her critics in response, and remonstrated with Mr Delors for failing to use his chance to have his say at the London news conference. It was in fine Westminster tradition, but not the tone normally used by a head of government for the Commission president.

Today, both sides will have to try to lower the temperature. It will not be easy, given their conflicting personal styles, and the subjects under discussion.

Mrs Thatcher has demanded "costed options" from the Commission on its future plans and financing needs. Instead, she will receive a set of deliberately vague and rather backward-looking papers.

The one on CAP reform suggests a system of "stabilisers" in each farm sector—an automatic correction mechanism to control the cost of farm subsidies, triggered without the need for the usual bruising political debate among the farm ministers. It is easier said than done.

The paper on boosting the so-called structural funds—social and regional spending in less developed regions and areas in industrial decline—seeks to double the cash over five years—way beyond what any of the northern member states is currently prepared to contemplate.

The Commission's main idea for more stable long-term financing is to switch from the present system based on value added tax, customs duties and levies (a shrinking base), to one based on the gross domestic product in each member state. It suggests 1.4 per cent of gross domestic product to mirror the present 1.4 per cent VAT ceiling, but which is probably equivalent to about 2.1 per cent on the VAT formula—more than either London or Bonn is ready to consider.

It is when any change in the present 1.4 per cent VAT ceiling is considered that the crunch comes for Mrs Thatcher. Britain's hard-won budget debate—a 66 per cent reduction in the gap between its VAT share and expenditure share—is tied to the duration of that ceiling. And there is no way Mrs Thatcher will sanction any change which does not include as good a deal, or better, for her government. She will make that quite clear today; only the tone she adopts is in doubt.

Delors (right): cordial relations in tatters

Labour troubles mount for Chirac

By David Housego in Paris

FRENCH TEACHERS yesterday decided to step up their campaign against the new powers being given to primary school head-teachers in what is becoming another test of strength with Prime Minister Jacques Chirac's administration.

At the same time, two of the largest unions—the combined teachers' federation and the pro-Socialist CFDT union—announced their rejection of the Government's new pay package for France's 4.5m public employees.

The renewed trouble on the labour front—coming only a week after Mr Chirac had announced that his government would give priority to social issues—reflect the diminishing authority of his administration.

Deputies from his neo-Gaullist RPR party were unusually critical at a meeting with him on Tuesday of the Government's presentation of policy and of its failure to get across its message on television. They also echoed the fears of their constituents about such issues as the price rises that many retailers have been imposing since the beginning of the year.

The public opinion polls bring Mr Chirac no comfort either. A BVA Paris Match poll published yesterday shows that he now trails Mr Raymond Barre, the former Prime Minister, in popularity, with only 32 per cent of those questioned showing confidence in him (down 2 per cent from December), against 52 per cent for Mr Barre (up 5 per cent).

The poll suggested that Mr Chirac would be soundly beaten by Mr Barre as the right's contender for the presidency in the first round of voting. In the second, Mr Barre would only lose by one percentage point to President Francois Mitterrand.

More broadly, an analysis published in the Le Monde newspaper yesterday showed that the Government is losing ground mainly among voters on the centre right. But Mr Chirac himself is losing support as a potential presidential candidate across the whole spectrum of the political right.

The teachers' decision to widen their action against Government moves to reinforce the status of principals in primary schools coincided with demonstrations in large cities across France yesterday. Several thousand teachers marched in protest to the Prime Minister's office in Paris.

While the Government's move commands considerable support outside the teaching profession, politicians are surprised that Mr Chirac should have allowed himself to become involved in another test of strength.

Mr Rene Monory, the Education Minister, seemed yesterday to brush away what room there may have been for a compromise

A centrist and thus not a member of Mr Chirac's own party, Mr Monory is said to have lost confidence in Mr Chirac's administration and thus be willing to push the measure whatever the political cost.

WEST GERMANY PONDERS HOW TO COPE WITH A CHERNOBYL LEGACY

Radioactive dairy exports blocked

BY PETER BRUCE IN BONN

THE CHASTENED representatives of two West German companies forced to give up their attempt to sell 3,000 tonnes of highly radioactive powdered whey to Egypt are due in Bonn today for talks with the Environment Ministry on how best to destroy the entire cargo.

As the Meggle dairy in Bavaria and Lopex Export in Hessen run daily into growing criticism, there are also fears that other foodstuffs contaminated by the nuclear accident at Chernobyl in the Soviet Union last year may have been exported from Western Europe to the Third World.

Mr Walter Wallman, Bonn's Environment Minister, said yesterday that according to official, though unconfirmed, information, other contaminated West German goods were already lying at Alexandria in Egypt.

Another unconfirmed report broadcast on a regional television programme this week said that up to 100,000 tonnes of powdered dairy products had been exported from West Germany, Denmark, Ireland and the Netherlands to Brazil, where it was being sold in slums.

Meggle and Lopex have come under particularly close inspection because the former was paid DM 3.8m (£1.4m) in compensation by the state after the Chernobyl disaster ruined 5,000 tonnes of its powdered whey. Selling the goods without returning the compensation would be illegal. Lopex claimed the whey powder exports were to be used as animal feed.

The domestic row over what to do with the powdered whey (initially wrongly identified as powdered milk) in 100 railcars n Bremen harbour and another 50 cars in Cologne continued to boil furiously yesterday.

A further 2,000 tonnes remains in Bavaria, near the Meggle dairy and Mr Wallman warned the governments in Bavaria, North Rhine Westphalia and Bremen not to turn their backs on the problem of what to with it. Both Bremen and North Rhine Westphalia want the goods and railcars returned to Bavaria, which refuses to take them.

Mr Wallman said the Federal Government would take over all the powder and begin destroying it. But it would take time. Bonn owns no furnaces and the *Laender* would have to help dispose of it, he said, no matter what local opposition might arise.

Legally, there is nothing to stop the export of contaminated goods. The radioactivity of the whey powder in dispute measures around 6,000 Becquerel—10 times the human limit and well above the European norm of 1,850 for animal feed. The importing country had to decide what to turn away, Mr Wallman said, and revealed that the Egyptian who had originally agreed to import the 3,000 tonnes had changed his mind.

Unemployment rises to near record 10%

BY OUR BONN CORRESPONDENT

UNEMPLOYMENT in West Germany rose to a near record 10 per cent last month, the second big rise in succession.

Although government leaders blamed bad weather in January for the 1.1 point rise in the number of jobless, there was some relief that the general election was held before the figures were made public yesterday.

Some 2.5m West Germans are officially out of work. In January last year the unemployment total reached 10.4 per cent following a post-war record of 10.2 per cent in January 1985.

January is traditionally a bad month for jobs, but last month's increase (from 8.9 per cent in December) followed an almost equally bad December in which the total climbed from 8.3 per cent. The weather in December was good.

Opposition Social Democrat leaders and trade unions greeted the figures with alarm. Mr Willy Brandt, the SPD chairman, said they proved that the economic growth of the past three years had finally begun to run out of steam, and the DGB union federation called for more federal spending to create jobs.

The Government would be deeply concerned if the upward trend continued into February. This is unlikely but critics will be keen to measure the size of any improvement. A modest drop would fuel claims by most leading economic institutes that government hopes of achieving growth of 2.5 per cent or more in the economy this year are very optimistic.

Italian call on Nato naval forces

By David Buchan, Defence Correspondent

ITALY'S TOP naval commander yesterday called for a greater Nato naval presence in the Mediterranean because the "perennial instability and hotbeds of tension" around its shores pose the greatest current threat to Western peace and stability.

Speaking to the Royal United Services Institute in London, Admiral Giasone Piccioni said the joint effort should come from countries outside Nato's integrated military structure, like France and Spain, and from naval powers like Britain, which withdrew its Mediterranean squadron in the 1970s, in addition to forces provided by littoral states and the US.

In essence, the Italian chief of naval staff was calling for a greater European element in Nato naval forces in the Mediterranean. These are currently dominated by the US Sixth Fleet whose forces, he said, "are more likely to trigger off far-reaching involvements because of their exceptional strength."

Admiral Piccioni's call represents the most public statement so far of Italy's growing concern about the overspill of Arab-Israeli, terrorist and Libyan tensions on to its doorstep.

Following last April's bombing of Libya by the US, Libya fired two missiles at the southern Italian island of Lampedusa on which the US has a naval station.

The admiral appeared to be referring to the US action when he complained yesterday of "cases in which forces of high capability have been used more out of emotion than reason, creating a conderable risk of extending and aggravating the crisis."

He contrasted this with successful instances of Western military intervention such as mine-clearing in the Red Sea.

The higher profile security role which Italy is seeking in the Mediterranean have led its armed forces to press for more use of the Nato joint force of 18 AWACS early warning aircraft in the south, and for purchases of British-made Sea Harriers to put on its new aircraft carrier, Garibaldi.

But an amendment to the 1923 law barring the Italian navy from operating fixed-wing aircraft is still stuck in the Itailan Parliament.

Brussels advice to Turks on EEC bid

BY DAVID BARCHARD IN ANKARA

THE EUROPEAN Commission has accepted that Turkey will apply to join the EEC in the next few months and has advised the Ankara Government on how to make a successful application.

Turkey is committed to applying for membership this year. Most Community governments are hostile to the idea, though Spain is relatively favourable.

A visit to Ankara last month by Mr Jean Schwed, head of the Commission's division dealing with Turkey, Cyprus, Malta and Yugoslavia, has been followed by specific advice on how to handle the run-up to an application during the Belgian presidency. Mr Leo Tindemans, Belgium's Foreign Minister and present head of the EEC Council of Ministers, is regarded as an advocate of the Turkish cause. Both the Commission and Turkey are anxious that the application should be lodged before the Danish presidency begins later this year.

For an application to avoid immediate veto, some long-standing disputes will have to be resolved. The first step would be for Turkey to lift the ban on Greeks in Istanbul from selling their property. This would open the way for Greece to ratify a protocol recognising the Association Agreement between Turkey and the Community.

Turkey would have to agree that its claim that Turkish labour is entitled to migrate freely throughout the Community should be "subsumed" in the process of an application.

If agreement on these points were reached there would be a formal ministerial meeting of the Turkey-EEC Association Council, perhaps in April or May, at which Turkey would apply on the understanding that it would take at least two years before the next step—the submisison of an opinion on the Turkish application.

However, it would then be accepted that Turkey was on an irreversible course towards full membership.

Andriana Ierodiaconou adds from Athens: Greece yesterday rejected a Commission timetable for the signing of a protocol bringing Greece into line with the Turkey-EEC Association Treaty. It refused to sign until the Turkish decree restricting the property rights of Greeks is lifted

West pours cold water on chemical arms hopes

BY WILLIAM DULLFORCE IN GENEVA

SOVIET assertions that agreement on a treaty banning chemical weapons can be reached this year are pitched too high, according to Western negotiators. Fundamental differences over the right to inspection on challenge and on declaring the locations of stockpiles have yet to be resolved.

Mr Yuri Nazarkin, the new chief Soviet negotiator on chemical weapons, said on Tuesday that Moscow was willing to compromise on challenge inspection along lines outlined in a British proposal tabled last July.

In negotiation, however, the Soviet side has objected to crucial points in the proposal. They wish to retain the option for a country to refuse a challenge, while the British proposal would maintain the mandatory nature of the challenge, say Western officials.

The British plans has also been criticised by the US which insists on a more stringent formula allowing a country to demand inspection of chemical weapon facilities within 48 hours.

Before an inspection regime can have any credibility, Western officials say, the Soviet Union must declare where its stocks and production plants are located. So far it has not agreed to a schedule under which it would do so.

Nevertheless, as the 40-nation UN conference on disarmament—the forum for the talks on chemical weapons — resumed here this week, it was generally agreed that substantial progress had been made in the past 12 months in wording a draft treaty.

All countries had now accepted systematic on-site inspection of their chemical industries, an essential confidence-building measure, Sir Ian Cromartie, head of the British delegation, said yesterday.

This was one of four points on which he had detected a convergence of views. Others included agreement that some provision was needed for a country to voice suspicions that another was not complying with its obligations and to feel confident that it suspicions would be promptly allayed by agreed procedures.

Poehl warning on impact of higher growth

By John Wyles in Rome

THE BUNDESBANK president, Mr Karl Otto Poehl, yesterday warned the US that it was overestimating the possible impact of faster West German economic growth on reducing the US trade deficit.

In an Italian newspaper interview, he pointed out that West Germany accounted for only 5 per cent of US exports and that a majority of the most competitive US companies were already producing in West Germany.

"The Americans ought to look more closely at, for example, Canada and some east Asian countries," he says.

Mr Poehl maintained that Bonn was doing all necessary to promote faster growth and that US pressure was unjustified. He also cast doubt on whether the fall in the dollar would be translated into greater US competitiveness.

It would undoubtedly have a positive effect on the trade deficit, he said, but "a weak currency is not a guarantee of American industrial competitiveness. This can be really damaging because windfall profits might paralyse innovation and the economy's productivity."

Coal jobs to go in Spain

By David White in Madrid

THE SPANISH authorities have put forward an interim two-year plan for the nationalised Hunosa coal board, cutting about 2,000 jobs, but have still to tackle the issue of a long-term programme for the company up to the end of the century as the coal runs out.

The scheme, approved by INI, the state holding company, and the Ministry of Industry, ran into immediate criticism from trade unions. The Communist-led Workers Commissions, which recently won a majority position in Hunosa, said the Government was just patching up the company.

Hunosa, which has accumulated losses of Pta 144bn (£738m) over the past five years, is reckoned to have the lowest yields of any coal mines in the EEC. The Government plan argues that the company can no longer postpone cost reductions now that Spain is a member of the Comunity and has to seek approval for further subsidies.

The last three-year programme ended in December with Hunosa falling short of productivity and financial targets. The Socialist Government wants a new long-term "contract-programme" but is anxious to avert a serious clash in the mining area of Asturias, on Spain's northern coast, which is a traditonal heartland of the left.

Hunosa, which runs 30 collieries in the region, is due under the plan to cut its workforce to 18,700 by the end of next year by reducing the retirement age, in a bid to prevent losses from rising above their current level of about Pta 39bn a year. There are to be no outright redundancies, however.

The plan aims to reduce personnel costs, which amount to about 130 per cent of sales, and other non-financial costs, and to spend Pta26bn on bringing productivity into line with other Spanish mines and closer to EEC levels.

Production, which was 3.2m tonnes last year, is to be maintained with a target range of between 3.2m and 3.7m tonnes.

West tables human rights plan

WESTERN nations yesterday proposed a major three-stage "action programme" on human rights to the Conference on Security and Co-operation in Europe (CSCE), **Reuter reports.**

The proposal, the first to be tabled by the West at the conference, would oblige the 35 CSCE nations to reply to questions on human rights, and would launch a continuous process leading to a special human rights conference.

"It is a concrete action programme and an attempt to get away from endless rhetorical speeches, Mr Joseph Trouveroy, Belgium's chief CSCE delegate said. "Nothing of what is proposed is impossible."

He was speaking on behalf of the 17 sponsors of the proposal: the 12 European Community nations plus the US, Canada, Iceland, Turkey and Norway.

Since the Vienna CSCE opened in November, Western nations have spent much time attacking the human rights record of the Soviet Union. The conference is a follow-up to 1975 Helsinki accords on security, economic co-operation and human rights.

Explaining the mechanism of the three-stage proposal, Mr Lawrence O'Keeffe the chief British delegate said the first step would:

- Commit CSCE members to reply to requests for information on human rights from CSCE member-states and interested groups;
- Set up a procedure of notification to allow one state to inform all others of its views on particularly difficult cases;
- Enable governments to demand special meetings of the 35 member-nations to discuss specific cases or situations.

As the second step, the 35 CSCE states would meet to assess the first step and recommend new measures to improve fulfilment of human rights pledges to a full conference on "the human dimension." This conference would be the third step.

Mr Eduard Shevardnadze, Soviet Foreign Minister, proposed in November that an international conference on humanitarian co-operation be held in Moscow.

Belgian tube-maker told to repay government aid

BY WILLIAM DAWKINS IN BRUSSELS

TUBEMEUSE, the troubled Belgian tube-maker, was ordered by the European Commission yesterday to repay BFr 9.8bn (£173m) of aid received from the Brussels Government over the past 10 years.

The Comission ruled that the aid, disbursed to cover operating losses and to expand production capacity to meet supply contracts for the Soviet Union, had broken EEC competition rules. It gave Tubemeuse an unfair advantage over equally hard-pressed competitors, it said.

Officials admit, however, that the penalty is at best symbolic because the Tubemeuse is unlikely to be able to repay anything like that sum. The Liege-based company filed for protection from its creditors last autumn after its bankers withdrew credit lines.

The Commission said that it was now examining with member states the possibility of still more stringent controls on industrial aid.

Exactly how the Belgian Government is to recover the cash from Tubemeuse is uncertain. A commercial tribunal in Liege is expected to decide on Friday whether to put the company, which has 1,500 employees, into formal liquidation, but the Government is likely to come low on the list of creditors.

According to the Commission, EEC steel tube production is running at around 50 per cent of capacity because of a decline in demand from important oil exploration and production customers.

Alan Friedman reports on a struggle for control of a port closed by strikers

Last stand for defiant Genoa dockworkers

DOWN ON the docks of Genoa, in the shadow of the container ships, the place looks as though central casting were making ready a set for the remake of On the Waterfront.

The port of Genoa is certainly a cliche worthy of the old Marlon Brando film—the 19th century warehouses, the hundreds of little men with caps and gloves, chewing on cigarettes, playing cards and draughts and talking animatedly about the reasons for their wildcat strike action.

Trouble in Genoa has been growing since last month when the Communist Party and CGIL, the Communist-led national trade union, agreed to a new system of manning levels and the formation of a new company which would handle container shipping and be 51 per cent controlled by the port authority. The shop stewards of the Compagnia Unica Lavoratori, the militant Communist dockworkers' association which has violated nationally agreed accords for the past week, reacted by tossing ashtrays at trade union leaders and ripping microphones from their hands.

The dockworkers' association has been grabbing the headlines in Italy these past two weeks, each day sounding more retrograde and defiant than before. An autonomous workers' organisation, but certainly not a co-operative, the association has been embarrassing its main allies—the Communist Party and CGIL—by its refusal to accept change and modernisation in the port of Genoa.

The Genoa dispute is in many ways of the struggles in British docks during the 1970s when, as at Genoa, the issue was modernisation.

In the view of most Italian commentators it is not so much about manning levels, but rather a struggle for control of the port between an entrenched and cosseted group of dockworkers and a port authority which is trying to regain lost international competitivity under the leadership of Mr Roberto D'Alessandro, a former Fiat executive hand-picked for the job by Prime Minister Bettino Craxi.

After decades of "worker control" of the port the management is striving to assert its right to manage Genoa. Mr D'Alessandro's private-sector approach to Genoa and aggressive marketing of the port has resulted in a 36 per cent increase in both container and conventional cargo traffic since 1983. Now the port authority chairman says he needs to deal with the labour issue.

The Genoa dispute is in many ways reminiscent of the struggles in British docks during the 1970s.

The Genoa dock workers have good reason to resist a change in the status quo. The Compagnia, not the port authority, sets tariffs which include a surcharge equal to 11 times the basic rate. This money is then used to pay all workers in the association.

Among the 3,297 members of the Compagnia only around 1,200 actually work on an average day, according to Mr Cesare Zuccolini, a deputy leader of the association. Mr Zuccolini admits that "we have too many workers" and says that on average a dockworker is employed 11.5 days a month.

Mr Nedo Andolfo, the labour relations executive at the port authority, says that the Compagnia's cushioned existence has been bankrupting the port for the past decade. "The average pay per worker, per day, on the basis of the Compagia's rates, is L620,000 ($479) for six and a half hours of work," fumes Mr Andolfo. He adds, with grim determination: "This will now be abolished."

The port authority plan calls for the workforce to be reduced by 850 people this year, for control of tariffs to revert to the port authority, for the introduction of new equipment and the reduction in the number of workers on any squad handling freight.

The labour troubles have been on-again and off-again for the past two weeks now. From his office in the imposing 13th century Palazzo San Giorgio Mr D'Alessandro says he sees the situation as "the realisation of an industrial programme" and is not prepared to compromise his "industrial logic." The workers' association will either accept his decrees (which have the force of law) or legal action will have to be taken.

In the dockside offices of the dockworkers' organisation, Mr Paride Batini, the leather-jacketed and charismatic Consul (or leader) of the autonomous workers' association, explains why he disagrees with the Rome accord which he says he signed only because the alternative was legal action and jail.

Looking every bit the former pugilist which he is, the welter-weight Mr Batini says that the port authority's plans for the workforce are "more geared to manufacturing industry such as the Fiat assembly line than to the peaks and troughs of the port business."

Mr Batini makes his case with conviction and a certain amount of personal charm. But the game is up—which perhaps he realises himself but would never admit. The battle for Genoa may drag on a little longer but in the end the dockworkers are bound to lose.

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OVERSEAS NEWS

China 'threatens to block direct Hong Kong poll'

BY KEVIN HAMLIN IN HONG KONG

REPORTS that China is threatening to make a unilateral decision to prevent the introduction of direct elections in Hong Kong have prompted calls for the mainland to clarify its views on political reforms due this year.

London has recently lobbied Peking for direct elections in response to local demands, according to reports in the Chinese-language press. It had previously bowed to Peking's demand that there must be "convergences" between the basic law — a mini-constitution for Hong Kong as part of China after 1997 — and political reforms.

China, however, might add a clause to the basic law stating that the territory's first legislature after 1997 will not have directly elected elements. The basic law is being drafted, mainly by pro-Peking interests. The first draft will be published in 1988.

Peking has yet to state clearly whether it will oppose direct elections, but a clause opposing them in the basic law would effectively pre-empt the issue, although it is extremely unlikely Britain will proceed unless given the green light.

The recent crackdown on "bourgeois liberalism" in China has, however, increased concerns that the mainland will harden its line on the territory's political development.

The repercussions of the recent leadership changes and the new influence of old hard line conservatives continued in Peking yesterday when foreign journalists were warned not to get involved in the case of an American journalist expelled by the Chinese authorities in the aftermath of the recent student demonstrations.

The Foreign Ministry refused to receive a delegation of foreign correspondents which wanted to hand over a letter from 43 journalists expressing "deep concern" about the expulsion of Mr Lawrence MacDonald, who works for the AFP French news agency.

A student from Tianjin has been arrested and charged with supplying Mr Lawrence with information, but the foreign correspondents feel the incident has been constructed to deter and intimidate them.

Government sources in Hong Kong have expressed surprise at the new reports concerning elections and say a green paper on political reforms, intended to clear a route for wider legislative elections in 1988, will be released for discussions as planned by June. The option for direct elections would be included in the paper, they said.

Angola oil investment 'set to reach $3bn by 1990'

BY MICHAEL HOLMAN

INVESTMENT in Angola's oil sector will approach $3bn (£1.9bn) between 1986 and 1990, boosting oil production from about 276,000 barrels a day (b/d) last year to a forecast 370,000 b/d by 1990, according to a report on the country's economic and political prospects.

The 145-page study by the Economist Intelligence Unit says that this high level of investment makes Angola "one of the most important markets in the world for companies supplying oil industry equipment and services."

Expenditure on the sector, which accounts for about 95 per cent of Angola's export earnings, will exceed $700m a year by 1987.

A high exploration success rate and low operating costs of an average $1.82 per barrel in 1985 makes Angola "attractive to foreign oil companies."

But the report is pessimistic about an early end to the country's conflict between the ruling MPLA and the rebel Unita movement led by Dr Jonas Savimbi.

Angola to the 1990s: The Potential for Recovery. Economist Intelligence Unit special report 1079, by Tony Hodges. 40 Duke Street, London W1A 1DW. Price £95.

Ceasefire in Beirut 'camps war' proves short-lived

BY RICHARD JOHNS

HOPES OF ending the four-month battle between Amal, the mainstream Shi'ite militia in Lebanon, and Palestinian guerrillas defending refugee camps evaporated yesterday as a ceasefire patched together in Damascus was promptly broken.

The agreement reached between Amal and factions subservient to the Syrian regime collapsed because Al Fatah, the predominant force loyal to Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, was not a party to it. The ceasefire was scheduled to come into force at midnight on February 3-4.

The conflict has become a major source of pan-Arab concern, straining Syria's relations with its two closest allies in the region, Iran and Libya, which have been supporting Palestinian fighters. So, too, have Iraq and the Lebanese Christians.

On the ground pro- and anti-Arafat factions have co-operated in resisting the sustained siege by the Shi'ite militia. Its leadership opposes the re-establishment of an armed guerrilla presence in the south of Lebanon because of the retaliation its provokes, but Amal has been badly divided over the issue.

The Palestinian Red Crescent Society calculates that since the "war of the camps" started again in September 1,824 residents have been killed, 4,549 wounded and 79,000 displaced in seven camps in the vicinity of Beirut, Sidon and Tyre.

In London, meanwhile, staff at Lambeth Palace said that there was no news of Mr Terry Waite, the Archbishop of Canterbury's special envoy, who disappeared in Lebanon on January 21. Hopes for his safety depended on "key figures" contacted by Dr Robert Runcie, the Archbishop.

● Iran yesterday expelled Mr Gerald Seib, the Wall Street Journal correspondent, arrested at the weekend on charges of spying for Israel. The Ministry of Islamic Guidance said he had been banned from returning.

Indonesia gives go-ahead for privatisation

By John Murray Brown in Jakarta

PRESIDENT Suharto of Indonesia yesterday formally gave the go-ahead for the privatisation of public sector industries in a bid to raise badly needed revenues.

The programme, first put to ministers in December, is part of the Government's effort to rationalise the economy to offset falling earnings from oil and gas, traditionally the main exports.

The announcement comes ahead of month-long missions by both the International Monetary Fund and the World Bank, to look into the possibility of selling state firms to the private sector.

The move was greeted with some scepticism by bankers, particularly given the narrow base of Jakarta's capital markets. Officials say only loss-making concerns will be sold off and not the more profitable of the 215 state companies.

The Government has said strategic industries such as railways would not be affected. Recent reports that Garuda, the debt-ridden state airline, might be considered were *firmly denied this week* by Mr R. J. Lumenta, the managing director.

Jakarta's somnolent stock exchange, which trades just 24 stocks, is preparing for a possible bond issue by Perumtel, the state-run telecommunications company. The last flotation, a bond issue in 1985 by Jasa Marga, the state-run roads authority, was oversubscribed one-and-a-half times.

● President Suharto today leaves for Malaysia and Singapore, his first overseas trip for 17 months. The move surprised western diplomats, coming just two months ahead of national elections in April.

MPs hail role of BBC in South-east Asia

By Robin Pauley, Asia Editor

THE BBC World Service and the British Council, both of which have been under severe budgetary pressures, are of immense value in South-east Asia and Indo-China, says a report published yesterday by an all-party Commons Committee.

Members of the Foreign Affairs select committee visited seven countries in the region and concluded that Britain's cultural diplomacy was widely appreciated and contributed greatly to better understanding *between South-east Asia and the* West.

The British Council had achieved considerable success in selling English language services and facilitating educational and cultural exchange programmes.

The BBC's position as a reliable source of news and comment not only on world affairs but on local affairs is described by the committee as "a quite remarkable phenomenon."

But the successes of both the British Council and the BBC need to be built on, says the report. In spite of the goodwill generate dby these two organisations the committee detected a general feeling of regret in south-east Asian states that Britain had "turned its back on its Asian friends" as a result of withdrawal from east of Suez and the priority attached to British membership of the European Economic Community.

Foreign Affairs Committee first report 1986-87, South-east Asia and Indo China. House of Commons Paper 114; HMSO; £9.70.

IMF gives go-ahead for key Lagos loan

BY MICHAEL HOLMAN IN LAGOS AND ALEXANDER NICOLL IN LONDON

THE INTERNATIONAL Monetary Fund (IMF) has approved a SDR 650m ($825m) loan for Nigeria, a key element in a complete debt restructuring package for the country, even though bank commitments to their part of the package still fall some way short.

Unusually, the IMF's formal go-ahead was understood not to be strictly conditional on bank commitments to a $3.8bn debt rescheduling, including a $320m new loan, reaching the 90 per cent level known as the "critical mass."

Commitments from 330 banks requested to take part have been coming in slowly since the package was agreed by leading creditor banks in November. They now represent between 80 and 90 per cent of the total amount.

As is normal in such packages, however, the fact that the stragglers tend to be banks with smaller exposures means that the number of banks still to commit themselves represent more than 10 to 20 per cent of the total.

The IMF approval, which implies confidence in Nigeria's execution of an economic adjustment programme, is likely to encourage more banks to come into the fold. But missed interest payments of uninsured trade credits have reinforced the reluctance of some.

The Central Bank of Nigeria issued a statement which represented its first official response to creditor's concern about the missed interest payments, due on January 5. It said they were due not only to uninsured creditors holding promissory notes, "but also to insured creditors, as well as financing banks."

The banks said: "It was categorically stated that what Nigeria was seeking was a comprehensive restructuring on all its internal debt." This implied that promissory note holders should have understood that interest payments due in January would come under the proposed restructuring. Noteholders say this was not spelled out by Nigeria.

A key condition of all parts of the debt package is that all types of creditors are treated equally.

The argument that this means interest payments due on the promissory notes would automatically be rescheduled is challenged by noteholders.

Given the requirement for parity between types of creditors, the uncertainty over trade credits is likely to delay finalisation of the commercial bank rescheduling, though documentation of this would in any case take at least another six weeks.

America's Cup again

DENNIS CONNOR, the man who lost the America's Cup, won it back when his yacht Stars and Stripes completed a 4-0 success over Australia's Kookaburra 111, agencies report from Freemantle.

In 1983 Connor became the first American to lose the cup, which had been held by the New York Yacht Club since the schooner America won it in 1851.

When Stars and Stripes finished the fourth race almost two minutes ahead of the Australian challenger, the three-year residency of the trophy at the Royal Perth Yacht Club came to an end.

It was the culmination of three years of practice and planning by Connor and his Sail American syndicate from the San Diego Yacht Club. They built three yachts and spent $20m to win back the cup.

SARNEY BESET BY POLITICAL AND ECONOMIC DIFFICULTIES

Big Mac closure highlights crisis in Brazil

BY IVO DAWNAY IN RIO DE JANEIRO

ANY CHILDREN of Sao Paulo's wealthy middle-classes who remained oblivious of Brazil's economic crisis were rudely awakened this week by the decision of the McDonald's hamburger chain to shut its doors.

With characteristic sensitivity to public relations, managers of the 16 branches instructed their staff to abandon the kitchen and take to the pavement to explain the McFacts of business life to disappointed customers. According to Mr Gregory Ryan, president of the chain, salaries have risen 82 per cent, hamburgers 110 per cent, buns 130 per cent and wrapping 220 per cent. Yet prices remain frozen and losses are now about $750,000 a month.

McDonalds is a visible example of hundreds of other shutdowns that are now preoccupying economists in Brasilia. New price adjustments from 60 per cent on bread to 28 per cent on tyres are being announced daily—but not fast enough for industry.

This week Mr Mario Amato, leader of the Sao Paulo industrialists, warned that business would simply have to close its doors if the process was not accelerated—a statement that provoked fury from the government.

But the real worry for President Jose Sarney's Administration is now political. With January inflation expected to register anything between 11 and 20 per cent, the key issue is how to contain a wages explosion.

Currently workers are entitled to full indexation of salaries every time prices increase by 20 per cent. To defuse this inflationary timebomb, Mr Sarney wanted the backing of the new congress, installed on Sunday in its role as a national constitutional assembly (ANC), charged with drawing up a new constitution.

Yet such approval did not appear either legally or politically essential. Now, juridical uncertainties over the constitution have so muddied the waters that such support may be a prerequisite for all economic decision-making.

Foremost among the issues is the question: who, now, governs Brazil? Some argue that, in reality, it is not Mr Sarney but Mr Ulysses Guimaraes, the leader of the majority Democratic Movement Party (PMDB), now sitting as the elected president of a sovereign assembly with absolute powers.

The constitutional conundrum first emerged last Saturday, when a majority of PMDB members voted that the assembly should sit exclusively. That implied that the two houses of congress would be suspended until the new constitution is drawn up.

The proposal caused an outcry from the Government as it meant that supreme political authority would be vested in the assembly with a capacity at any time of overriding the formidable legislative powers of the president.

At first the threat appeared to be removed by the election of presiding officials of both houses, thereby implicitly allowing the continued functioning of the administration under the old constitution until a new document is agreed.

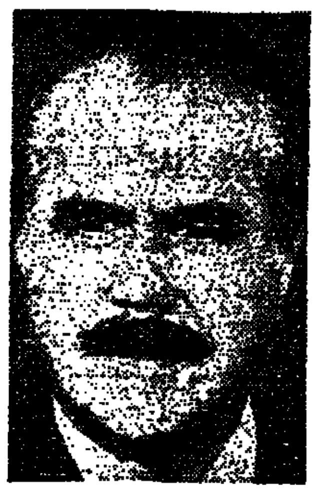
But on Wednesday, a brilliant political ambush by the tiny left-wing Workers' (PT) and Communist (PCB) parties wrestled power back.

The coup came when the left-wingers insisted on a vote as to whether senators elected in 1982 should have voting rights in the new assembly. By allowing the assembly to go to a ballot, Mr Moreira Alves, the supreme court justice, possibly without realising the implications, handed the body the power to alter the old constitution whenever it so chooses.

Should this precedent stand, and it seems it may, President Sarney will now face rigorous sanctions on his powers and even, in theory, the threat of instant dismissal.

For the economy, the implications are immediate. Until now, the Government has repeatedly used arbitrary decree-law powers — a legacy from the old military regime—to enforce its policies. Though reluctant to do so, Mr Sarney was reported to be ready to use them again within days to settle the now dominant question of how to control the threatened wages explosion.

The assembly's commitment to maintaining real earnings means it is unlikely to approve any tampering by the executive with wage indexation unless substantial immediate pay rises are conceded. Moreover, rule by decree, already an unattractive option for the president, appears now to be vulnerable to the assembly's veto.



Sarney—in trouble

For the hamburger-addicted children of Sao Paulo, only government authorised price rises will reopen their McDonald's. But the crucial labour-cost price-rise spiral that contributed substantially to their closure looks further from resolution than ever.

Reagan set to suffer defeat in Congress on clean water bill

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN was heading for his first defeat of the 100th Congress yesterday as the Senate voted on a $20bn bill aimed at cleaning up US waterways.

The Democrat controlled House of Representatives voted overwhelmingly on Tuesday to override Mr Reagan's veto imposed *last Friday. Only 26* Republicans supported their President.

The Senate—also controlled by the Democrats following last November's mid term elections—is widely predicted to favour a veto override which requires a two-thirds majority in each legislative chamber.

Mr Reagan vetoed the clean water bill last week saying it was "loaded with waste and larded with pork barrel." Republicans and Democrats like the bill because it gives them a chance to vote to clean up the environment and bring home US Government money for *pollution control.*

President Reagan appears to have decided to veto the bill as a gesture to Congress to show he is trying to reduce Federal spending and thereby the huge federal budget deficit. But Congressional members from both parties were critical of Mr Reagan's tactics, saying he had picked a fight over a losing issue.

The bill—whose provisions have already been overwhelmingly passed by both chambers—provides for aid totalling $18bn through to 1994 to state and local governments for building sewage treatment plants. The extra $2bn is for other pollution control programmes.

The importance of the showdown between Congress and the President over the clean water bill lies in its symbolism.

Mr Reagan, faced with a new Democrat majority in both chambers, is determined to demonstrate that he will not be pushed around by Congress.

The newly energised Democrats are equally keen to flex their muscles, particularly when it comes down to one of their favourite pieces of legislation.

It is also clear that Mr Jim Wright, the new speaker of the House of Representatives, wants to show that he can work with Mr Robert Byrd, the new Senate majority leader, to combine forces against the Republican President.

Mr Wright's overtures to Mr Byrd—the subject of much comment in Washington in the past two weeks—are part of a strategy by the Democrat party leadership to use their majorities in the House and Senate to sap the President's powers.

They want *to show* that a Democrat controlled Congress can govern the country responsibly—the vital *message* for votes in the 1988 Presidential campaign.

Nevertheless, the clean water bill struggle does not by itself reveal whether this strategy will work because its provisions were almost overwhelmingly favoured by the republican members.

Bernard Simon reports on Washington's efforts to repair Ottawa's most important trading relationship

Modest US overtures to Canada bring sighs of relief

A BRIEF snatch of President Reagan's State of the Union address last week gave a glimpse of the efforts which the US and Canada are making to repair damage done by a spate of trade disputes and other highly publicised controversies.

Mr Reagan promised that his Administration "will work to complete an historic free trade arrangement between the world's two largest trading partners, the US and Canada." Before the speech, he phoned Canadian Prime Minister, Mr Brian Mulroney, who was on a visit to Zimbabwe, to tell him that Canda would get a mention.

These gestures, modest as they are, hav been greeted with sighs of relief and bold headlines in Canada.

A week earlier, Mr Mulroney had hastily set up a meeting with Vice-President Mr George Bush to voice disquiet at the low priority which the US appeared to be giving its northern neighbour.

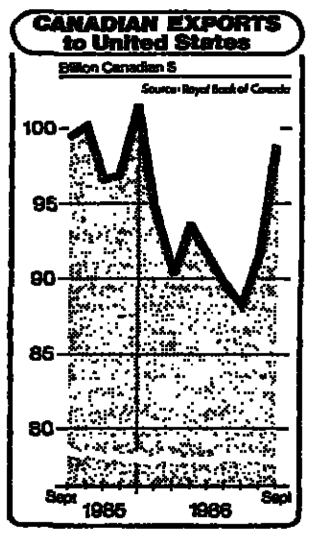
Mr Mulroney has made improved relations with the US a cornerstone of his two-year-old Government's foreign policy, but the meagre results achieved so far have taken a heavy toll on the ruling Progressive Conservative Party's domestic popularity.

Several of the Mulroney initiatives have stirred the controversy, creating a widespread impression in Canada that Ottawa has given Washington much more than it has received.

A future government which includes either the Liberals or the NDP would almost certainly take a much cooler and more nationalistic line towards the US on commercial, military and political issues. Both opposition parties have urged Mr Mulroney to be tougher with the Americans.

The Tory Government has removed many of the irritants which soured relations between Ottawa and Washington during the long liberal era under Mr Pierre Trudeau. The national energy programme and the foreign investment review agency, both of which raised barriers to foreign companies, have been scrapped.

In spite of vociferous protests from consumer groups fearing higher medicine prices, Ottawa is widening patent protection for brand-name pharmaceuticals produced by US and European multinationals.



Mr Mulroney's boldest move is the eight-month-old free trade talks which seek to give Canadian exporters more secure access to their biggest foreign market. The US accounts for more than three-quarters of Canadian exports.

A US$2bn (£1.3bn) jump in Canada's foreign exchange reserves last month reflects the recent unusually strong performance of the Canadian dollar.

The Finance Ministry said yesterday that the reserves rose to $6.1bn at the end of January, their highest level in 13 years. The reserves stood at $3.2bn a year ago.

The authorities gave no reason for the large increase, but it is understood the Bank of Canada has been buying US dollars to moderate the surge of the Canadian currency.

Large foreign capital inflows, especially from Japan, pushed the Canadian dollar above 75 US cents earlier this week

The talks are supported by Canadian business and most of the ten provincial governments. But doubts voiced by Ontario (some of whose industries are threatened by free trade) and outright opposition from trade unions and cultural nationalists have turned free trade into a hot political issue on which the Mulroney Government's future may well depend.

The Prime Minister has relied on what he *claims is* a warm, personal relationship with President Reagan to get Canada the attention it craves in Washington, but so far he has little to show for it.

The Americans have paid little more than lip service to Canadian pleas for more action to combat acid rain.

US protectionism has led to a number of politically damaging trade disputes between the two countries. Washington imposed a duty on Canadian cedar shakes and shingles last year. Complaints by US timber producers recently forced Ottawa to levy a 15 per cent export tax on softwood lumber.

Steel, natural gas and uranium are among other key Canadian exports on which the US is considering new protective barriers.

US negotiators in the free trade talks have exacerbated Mr Mulroney's political difficulties by letting it be known that they intend to raise issues which are sacrosanct to many Canadians—such as measures to protect Canadian cultural industries and the 22-year-old bilateral automotive trade agreement which has been a driving force behind the growth of the Canadian motor industry.

In a sense, the latest tensions are no different to Canada's long-held opinion that the US does not give its northern neighbour, biggest trading partner and close ally, the attention Canada deserves.

On the American side, however, there is a sense that Canada wants more than it deserves. The retired Speaker of the US House of Representatives, Mr Tip O'Neill, said in Toronto last week that "Canada must accept the fact that she is a mature economic power and can no longer resort to subsidies and government assistance to maintain employment at the expense of other nations.

Mr Bush's hastily-arranged visit to Ottawa and the mention of the free trade talks in the State of the Union address suggest that Washington has taken note of the Mulroney Government's domestic problems. The extent to which the Americans are willing to help bolster the Tories' electoral chances may become clearer when President Reagan visits Ottawa in early April.

Sprinkel says spending cuts vital to keep low tax rates

FEDERAL spending reductions will be needed in order to realise and maintain the low tax rates established in last year's tax reform bill, Mr Beryl Sprinkel, the chairman of the President's council of economic adivsers, said yesterday, AP-DJ reports from Washington.

Mr Sprinkel said federal spending restraint "will enable us to maintain the low tax rates provided in the tax refrom act of 1986," in remarks prepared for delivery to the House budget committee.

Low marginal tax rates are needed to boost private incentives and encourage long-term economic growth.

At the budget committee hearing, Mr Sprinkel said he and President Reagan oppose new taxes as a means to solve the budget deficit. However, Mr Sprinkel concurred with statements by Mr James Baker, Treasury Secretary, that specific portions of revenue increasing measures in the president's fiscal 1988 budget could be labelled taxes.

Community presses complaints against Japan, US in Gatt

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Community yesterday pressed home in the General Agreement on Tariffs and Trade complaints against Japan for its controversial taxes on imported spirits and against the US for its newly-introduced levy on oil imports.

It also announced that it would table a complaint at the next Gatt council meeting against the customs user fee recently applied by the US.

The Gatt council agreed to set up dispute panels to arbitrate both disputes. The panel to hear the spirits case will be chaired by Mr Manuel Tello, the Mexican ambassador to Gatt. The composition of the other panel on the oil levy has still to be decided.

Canada, the third largest exporter of whisky to Japan after the EEC and the US, strongly supported the EEC action which was also backed by Australia, Finland, Argentina, Yugoslavia and Australia.

Mr Minoru Endo, the Japanese delegate, claimed that Tokyo had gone far to meet the EEC complaint in December by a 30 per cent cut in taxes and the introduction of new standards for the labelling of wines and spirits.

Mr Brian Morrisey of Canada, protested that the tax changes would not come into effect until 1988 and the labelling standards until 1990. Moreover, he said, the regrading of special and first grade whiskies into one category with uniform taxation did not remove the discrimination in favour of the cheaper, locally-produced whiskies.

Complaints to Gatt about the US oil import levy have been tabled by Canada and Mexico as well as the EEC.

They argue that the levy, claimed by the US to be a pollution clean-up tax, is discriminatory under Gatt's article 3 because it imposes a rate of 11.7 cents a barrel on imports and only 8.2 cents a barrel on domestic oil.

Yesterday, the EEC extended its complaint to a tax on petrochemical products which the US is scheduled to introduce in 1989 under the same legislation and which could go as high as 5 per cent of the import value.

Mr Mike Samuels, US deputy trade representative, said the tax on imports of crude oil and refined products was minimal and did not aim at affecting trade.

On the future petrochemicals levy, he said no Gatt disputes panel could decide on a tax not *yet implemented and for which* regulations had not even been drawn up.

The customs user fee, against which the EEC warned it would take Gatt action, was being reduced from 0.22 per cent of value to 0.17 per cent, Mr Samuels said. It was so small that it could not be construed as having a trade protective effect.

● Morocco's accession to Gatt was cleared yesterday by the Gatt council. Two-thirds of Gatt's 92 member-countries must now give their approval in a ballot, after which Morocco can sign the protocol and become a full member 30 days later.

Italian company in Soviet freezer deal

BY JOHN WYLES IN ROME

FATA, of Italy, has led the field in establishing the first sizeable joint venture in the Soviet Union—a company to manufacture freezer and other equip*ment for preserving food pro*ducts.

A potentially important feature of the recent Soviet reforms, the new law permitting joint ventures was passed only last month. The only other agreement so far announced involves a Finnish company in a hotel project.

The agreement was signed on Tuesday. According to reports from Moscow, the company will supply, within the next two months, $150m (£107m) of plant and equipment for fitting out a factory at Volzsk, about 1,000 miles from Moscow.

EEC hails 'new trend' in trade with Tokyo

By Carla Rapoport in Tokyo

EUROPEAN Commission officials in Tokyo yesterday praised a new, healthy trend in EEC-Japan trade.

Europe is the only region which is experiencing an increase in two-way trade with Japan, according to Mr Hugh Richardson, deputy head of the EEC delegation in Tokyo.

While exports from Japan went up by 47 per cent to $31bn (£22bn) in 1986, Japanese imports from Europe went up by 50 per cent to $14bn, he pointed out. Worldwide, Japan's exports went up by 19 per cent in dollar terms while imports dropped by 2.3 per cent.

Trade with the US, he added, declined, with exports down by nearly 13 per cent and imports falling by 21 per cent.

This trend is "interesting and different, perhaps radically different," Mr Richardson said. Although the trade surplus between Japan and Europe con*tinues to grow, the increase in* two-way trade showed a "fundamentally healthy trend," which he expected would continue.

Only a few months ago, EEC officials in Tokyo were complaining about alleged diversion of exports to Europe following the yen's appreciation against the dollar.

Mr Richardson said that the Commission would continue to concentrate on specific items in trade with Japan, such as whisky, automobile standards and pharmaceuticals.

Europe's imports to Japan *over the last year have shown* the strongest growth in mineral fuels (up 71 per cent), motor vehicles (up 37 per cent), and aircraft (up 222 per cent).

NEC awarded Argentine order

By Ian Rodger in Tokyo

NEC, the Japanese electrical and electronics group, has won a Y30bn (£128m) turnkey order for 80 digital electronic exchange units from Argentina's Empresa Nacional de Telecomunicaciones (Entel).

NEC claims that the order, for Buenos Aires' telecommunications system, will give it a 50 per cent share of Argentina's exchanges market

Bonn finds groups slow to back Airbus

BY DAVID MARSH IN BONN

THE West German Government is running into stiff resistance in its bid to bring in top industrial companies to back the country's stake in the four-nation European Airbus.

Bonn has been trying to entice groups such as Daimler-Benz and Siemens to take a stake alongside Messerschmitt Boelkow Blohm (MBB), the country's largest aerospace manufacturer, in the European airliner consortium.

These companies' considerable reluctance to put any money into Airbus adds to general worries over the Bonn Government's financing of the venture. It also comes at a time when the US *is stepping* up its criticism of subsidies to Airbus.

Siemens said that the company—which has an overall stake of just under 10 per cent in MBB—had "no plans" to put in any more money.

The US mission sent to Europe to complain about alleged unfair competition from the European Airbus consortium ended their tour yesterday with both sides still at odds, West German officials said, Reuter reports.

The US officials said they would report to the US cabinet on Monday but Washington had not yet decided what action to take.

Daimler Benz, which has strong aerospace interests since its takeover of the Dornier and Motoren und Turbinen Union (MTU) companies, said there were "no grounds" for any financial participation in Airbus.

A similar response came from BMW, the Munich-based car manufacturer, which has also been cited as a possible candidate to enter the Airbus group.

Deutsche Airbus, the West German partner in the four-nation Airbus consortium with 37.9 per cent, is a fully owned subsidiary of MBB.

Discussions over the future of Airbus, including how much money and in what form Bonn will be contributing to the consortium's new A-330 and A-340 projects, have been complicated by the recent West German general election.

Bonn Economics Ministry officials say that the question of Airbus financing will be taken up shortly in policy negotiations between the three parties in the centre-right coalition which have got off to a fractious start.

The likely, lengthy nature of the talks means that no basic decision on redrawing Airbus's finances — including the question of backing for the A-330 *and A-340 projects — is likely* before April, officials say.

The Liberal Free Democratic Party (FDP), which is especially worried about mounting subsidies for Airbus, emerged strengthened from Sunday's poll.

Concern over West German subsidies for Airbus has been rising in spite of a string of sales of the latest narrow-body Airbus version, the A-320.

Bonn has channelled DM 4.2bn (£1.5bn) in theoretically repayable cash grants into Airbus. In addition, around DM 2.7bn in government guaranteed-credits have been taken up by Deutsche Airbus.

Mr Gerhard Stoltenberg, the West German Finance Minister, has given an undertakeing that part of these credits will be taken over by the Government in the form of grants from next year onwards to ease Airbus's financial position.

Peter Marsh reports on claims of US subsidy for satellite launchers

Pentagon adds spice to Airbus row

THE role of the US Defence Department in helping US companies to enter the space launcher business is adding spice to the controversy over whether European governments have unfairly subsidised their aerospace industries by underwriting production of Airbus aircraft.

According to some observers, the backing by the Pentagon of two companies — McDonnell Douglas and Martin Marietta — in the area of satellite launchers is equivalent to a US Government subsidy of these concerns. If this claim could be substantiated, it might counter US attacks over the alleged Airbus subsidies, which US trade negotiators are pressing in Europe this week.

In the past two years, the Defence Department has handed out contracts to the two US companies likely to be worth at least $3bn over the next decade. The contracts are for the purchase of two types of rockets, Delta-2 vehicles made by McDonnell Douglas and Titan-4s made by Martin Marietta, which will be used to lift into space military satellites for navigation, *communica*tions and surveillance.

The orders are certain to help the two companies in their efforts to win commercial launch orders, a business now dominated by Arianespace, a company based near Paris which operates Western Europe's Ariane rockets. The company is owned mainly by European aerospace companies and banks, with the French Government having a stake of about 30 per cent.

Martin Marietta and McDonnell Douglas entered the launcher business, a market likely to be worth about $500m a year by 1990, in response to the decision by the US Government last year that the US space shuttle fleet should withdraw from taking into space commercial payloads such as telecommunications satellites.

The space shuttle fleet is grounded, at least until February next year, as a result of the Challenger explosion last January.

McDonnell Douglas and Martin Marietta, together with General Dynamics, a third US company which intends to offer commercial space launches using its Atlas Centaur rockets, previously built their rockets under contract either to the National Aeronautics and Space Administration (Nasa) or the US Air Force. All three concerns intend to take over responsibility for marketing the vehicles, and launching the rockets, using US Government rocket sites.

Dr Paul Stares, a space-policy analyst at the Brookings Institution in Washington, said the Defence Department contracts, by underwriting production of space vehicles, were "definitely helping" the US aerospace companies in the commercial launcher market. He said the orders amounted to "an indirect subsidy" of the companies.

Mr John Pike, associate administrator for space policy at the Washington-based Federation of American Scientists, said that the issue of helping the US commercial launcher industry played a part in the Pentagon's decision to order the new rockets. "This is a clear example of how military procurement can be used as a substitute for industrial policy."

McDonnell Douglas appears to have benefited most from the Defence Department orders. Last month the Pentagon asked the company to build by 1989 seven Delta-2 rockets for $317m, with an option on producing a further 13 vehicles by the mid 1990s for an additional $352m.

The rockets are to be based on the same family of vehicles that McDonnell Douglas intends to use for its commercial launcher fleet. The company says it has five commercial launch reservations, from four companies which it does not want to name, and intends to start its commerical operations in 1988 or 1989.

McDonnell Douglas said the Pentagon order was "what we had been waiting for. It means we can start up production lines and begin to amortise construction costs." The company said, however, that the Defence Department was paying a fair price for the rockets and denied that the order was a subsidy.

Martin Marietta has benefited less directly. The company in 1985 won a $2.1bn order from the Pentagon for 10 Titan-4 rockets. Titan-4 vehicles are heavy-duty versions of the Titan-3 rockets, which the company aims to use commercially. The company plans to produce a further 13 Titans for the Pentagon, for which it has already been given a down payment of $400m. It expects further payments over the next few years, which could add several hundred thousand dollars to the total transaction.

Martin Marietta said that the Titan-4 order would help its commercial operations because many of the components for the Titan-3 and Titan-4 are similar. The company said it would hesitate to call the Defence Department order a subsidy. Martin Marietta has one reservation to place in space a commercial satellite, a telecommunications vehicle owned by Federal Express. It says launch operations could begin in 1989.

W Germans back at top of travel spenders

By Andrew Fisher in Frankfurt

WEST GERMANY'S exports may be feeling the pinch from the strength of the D-mark, but the rising currency has enabled its citizens to return to the top of the world travel spending league.

This year, West Germans are expected to lift their spending on foreign travel by a further 5 per cent to DM 46bn (£16.4bn), Dresdner Bank said in a study on travel expenditure.

Because of its steadily revalued currency, West Germany last year overtook the US as the country spending the most on travel. Britain and France were the number two and three countries in Europe, but West German spending of DM 44bn was more than twice that of those two countries combined.

Compared with most other countries, West Germans spend a fairly high proportion of their incomes on going abroad. Foreign travel accounts for 4 per cent of private consumption, a level exceeded only by Austria (7.2 per cent), Norway (6.4 per cent), and Switzerland (4.9 per cent).

This compares with a European average of 2.7 per cent, Dresdner said. As Germans have become more prosperous, so they have been laying out more for holidays. Twenty years ago, travel accounted for only 2 per cent of consumption.

Italy is the favourite foreign destination for West Germans, having just overtaken Austria in 1985. Two-thirds of all holidaymakers in Austria are German. In Switzerland, Denmark and Yugoslavia, the share is around 40 per cent.

Despite the D-mark's strength, foreign tourists are expected to spend 4 per cent more in Germany this year at DM 18bn.

Nissan-IBM Japan software venture

Nissan Motor Company and IBM Japan will set up a joint venture to provide systems engineering services for application software development, Nissan said, Reuter reports from Tokyo.

Nissan Systems Development, to be capitalised at Y150m (£643,770) will be held 65 per cent by Nissan and 35 per cent by IBM Japan. The company will begin operations in March

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Company Notices

UK NEWS

Caution limits gilt losses but profits stay scarce

Janet Bush looks at the performance of the market in government stocks since the deregulation of the City of London

THE CAUTION exercised by primary dealers in UK Government bonds during the first couple of months after Big Bang went some way towards limiting losses sometimes incurred because of the inexperience of traders in the new market and aggravated by the dearth of retail demand.

But even after the market's rally towards the end of December and an upturn in demand from both overseas investors and domestic institutions, few, if any, of the 27 market makers appear to be making profits and the competition, as predicted, has been extremely tough.

The start to trading in the newly structured market had some assurance about it. The gilts market enjoyed two smooth dress rehearsals and thankfully escaped the worst of the technological nightmares which hit equity trading in the first few weeks after the deregulation of London financial markets on October 27.

It is believed that up to Christmas, the positions taken were modest and primary dealing houses were *trading* well *within their risk* limits. It was only when retail demand picked up in about the third week of December that market makers started to get more adventurous and their position-taking more substantial.

At this stage, some houses began to claw back some of the losses incurred in November and the beginning of December. By January, several firms confidently reported that they were covering their costs but hardly any boasted profits on their activities so far.

Mr George Nissen, chairman of the Gilt-Edged Market Makers Association committee (Gemma) and joint chairman of Morgan Grenfell Government Securities, said that although some houses may have been able to make a small gross profit, he would be surprised if many houses had managed to cover their costs.

"The costs of starting up these operations and running them are absolutely monumental. Many houses have moved into new buildings, they have had to purchase enormous quantities of new technology and many have enlarged their staff at rather high salaries," he said.

He said most primary dealers had exercised great caution in trading the new market and the need for prudence had been reinforced by some of the unsuccessful tactics employed by some in the initial stages.

Aggressive attempts to build up market share by some houses had not really come off, according to Mr Nissen. There was also evidence in the early days of the new market that market makers who were inexperienced at posting prices had been taken advantage of by institutions and had been hit badly. As traders got more practice, however, these sort of problems were far rarer.

Mr Nissen added that attempts by US securities firms to build up domestic institutional client bases did not appear to have met with *much success.*

"People have been surprised that the massive effort put in by the American houses has not achieved more. They have not proved to be *the great force in the market that* had been expected."

A hundred days after Big Bang, there are those who believe that perhaps 10 of the 27 primary dealers now control about 85 per cent of gilts business. Although hard information is hard to come by in an increasingly competitive environment, it seems that those conglomerates built on old stockbroking and jobbing firms are well represented in that group of 10.

Mr John Shepperd, chief gilts economist at Warburg Securities, the gilts arm of the Mercury group, said that the crucial factor in determining success or failure in the market so far had been whether houses had employed staff with experience in making markets.

Mercury bought up Akroyd and Smithers, one of the two dominant jobbers in the old market. The other major jobber, Wedd Durlacher, was bought by Barclays Bank.

As far as informal market rankings are concerned, Warburg Securities and Barclays de Zoete Wedd are commonly thought to be the two firms who have done most business in the new market.

Mr Michael Hughes, director in charge of gilt sales at BZW, said that the change in market structure had set off a process of internationalisation of gilts trading and that *the transition* had *gone pretty* smoothly.

"There is no longer anything special about gilts. Foreigners are more confident about playing the market and using it just like the US Treasury bond market, for example. There is undoubtedly more business about now," he said.

Nevertheless, Mr Hughes said he doubted that any of the market makers were making an adequate return on capital and he said that some had made significant losses.

Evidence suggests that those firms who decided to resist the perils of market making have found it tough going. According to Mr Nissen, the major institutions have accustomed themselves quickly to dealing directly with market makers, rather leaving the agencies out in the cold.

He believes, however, that the agencies have an important role to play in serving the small, private investor and that their activity will tend more and more to concentrate on specialised, smaller-scale business.

The experience of the six inter-dealer brokers appears to have been *uneven* and *reports suggest,* that only two or three are seeing substantial business.

As far as the large British domestic institutions are concerned, the *new market* has thus far proved a great success. Mr Hughes of BZW described the new market as "a client's dream." Spreads have narrowed considerably – to an average of 4/32 on long-dated gilts – and the execution of orders is easier and quicker.

The major institutions have apparently adapted themselves well to the new-style trading.

The Bank of England is believed to be satisfied with the way the market has settled in. It believes its system of holding "ad hoc" tenders when two or more market makers bid *for* stock *simultaneously* has worked well, that the settlements system has run extremely efficiently and that the reporting system for supervisory purposes has gone *smoothly*

The Bank gilts team appears to have built up a good rapport with the market-making community and has won *itself* a *reputation* for speed and efficiency.

In summing up the first 100 days after Big Bang, Mr Nissen said: "It has been quite a good story really. The gilt market *didn't suffer* the technological problems which hit equity trading at the beginning and no terrible things have happened which could have happened. And we haven't had any failures – touch wood."

Before starting to trade in the new Market, several houses signalled that they were prepared to run at a *small loss in the initial* stages.

There appears to be some determination by market makers to ride out the storms of the first year so *that, as one market participant put* it, those who may be in trouble can hang on with the help of revenues from the bull market in equities at least long enough to depart the *market with dignity.*

As for the future, much interest is focused on whether the Bank will go ahead with experimental auctions of stock. The Bank of England intends shortly to hold discussions on this subject with market makers.

Speculation is also bound to intensify as the year goes on about whether any market makers will *decide to pull out – it already* accounts for a great deal of market chat – and about whether any new players will apply to become market makers in the autumn, particularly any of the Japanese securities giants.

Tomorrow: how the technology has coped with Big Bang

BBC may prune local radio operations

BY RAYMOND SNODDY

THE BBC is carrying out an urgent review of its local radio operations, which could lead to the closure of some of its stations.

The review is being conducted in advance of a government discussion document on the future of radio in the UK and an internal BBC conference at the end of this month which will review the *corporation's priorities for the* future.

At the very least the BBC is likely to decide that no further local radio station should be built and that plans for eight more stations to complete a network of 38 in England will be abandoned.

Question marks are also growing over several existing stations, in particular those in London, Birmingham and Manchester which do badly in the ratings against commercial competitors.

The BBC says that the reach of *its local radio systems* the number of those who listen in a week – is about 9m or 14 per cent of the potential audience

According to figures from *commercial radio, BRMB, the Birmingham* commercial station has a weekly reach of 38 per cent against the BBC's 15 per cent, and Manchester Piccadilly's 38 per cent compared with the BBC's 18 per cent. In London, Capital has a weekly reach of 30 per cent, LBC 24 per cent and BBC local radio 15 per cent.

The operating expenditure of BBC local radio, which employs about 1,000 people, was £28.8m out of total radio spending of £225m in the 1985–86 financial year.

The BBC stations which *attract* a high proportion of local listeners are those far from urban centres such as the stations on Guernsey and Jersey.

The option of closing BBC local radio down entirely has not been completely ruled out as the BBC moves to trim *budgets to* live within a licence fee linked to the retail price index (RPI). This will impose a sharp financial squeeze because costs in the labour-intensive broadcasting industry tend to run at 2 per cent a year above RPI.

The fate of BBC local radio will to some extent depend on the discussion paper, which is expected to be published by the Home Office at the end of this month.

Mr Marmaduke Hussey, the new BBC chairman, is believed to be sceptical about whether the corporation needs to be in local radio.

Meanwhile, the independent radio sector is preparing itself for the expected recommendation in the discussion paper that commercial radio regulation should be taken away from the Independent Broadcasting Authority and go to the Cable Authority.

Labour 'would not bail out overspent councils'

BY RICHARD EVANS

LABOUR local authorities that have spent beyond their means were warned unequivocally by party leaders yesterday that an incoming Labour government would not be prepared to write blank cheques to bail them out.

"There is no question of unlimited cash from a Labour government, Dr John Cunningham, environment spokesman, insisted at the London launch of the party's campaign for the local government elections on May 7.

"Cash will be strictly limited, and any additional resources will only be available from the centre after the most rigorous scrutiny and analysis of the projects involved," he added.

The Labour leadership is acutely aware of the propaganda use that would be made by the Conservative Party of any hint that Labour councils that have plunged deeply into debt would be rescued by the taxpayer.

Mr Neil Kinnock, Labour leader and Dr Cunningham will attempt at the party's local government conference at Leeds this weekend to get across the message that councils spending beyond their income must be prepared to accept the consequences of their policies.

Telephone dispute settlement 'in sight'

THE LEADER of Britain's striking telephone engineers, Mr John Golding, said last night after talks with British Telecom: "We can both see a way of reaching a settlement which is fair to both," Charles Leadbeater writes.

The executive of the National Communications Union's engineering group will meet today to consider whether enough progress has been made in the talks with BT to call mass meetings to decide whether to end the strike by 110,000 engineers.

Some union leaders believe the executive will recommend a return to work on the basis of an outline agreement which is expected to emerge from the talks.

Mass meetings could take place at the weekend to allow a return to work on Monday. Workplace ballots would be held later to vote on a detailed package.

However, Mr Golding tempered his optimism by warning that there was still a lot of tough bargaining to be done. An agreement drawn up by the negotiators might still be rejected by the union's members.

The prospects for a settlement revolve around the introduction of this year's pay award into the negotiations which have so far concentrated on the 1986 award and the associated efficiency measures BT wants to introduce.

The union wants the company to make a pay offer which is not conditional on the introduction of wide-ranging efficiency measures.

BT wants the efficiency measures to be agreed as part of the 1986 settlement, but this year's offer might be added to form a two-year deal.

■ OCCUPATION of the Caterpillar tractor factory at Uddingston near Glasgow looked set to continue after a meeting between the US management of the plant and engineering union officials ended without agreement. Workers took over the plant two weeks ago after the management announced a closure plan over 15 months.

■ ROYAL Opera House, Covent Garden, has been told to think again about a plan to sell land for office development. It had hoped that the sale would help to pay for a £56m scheme to improve facilities at the opera house. Planners say they are not convinced that redevelopment is justified.

■ DEVELOPMENT of the North Sea Andrey gas field to be operated by Phillips Petroleum is to go ahead. The field, which contains more than 1 trillion cu ft of gas will start producing late next year. Phillips said that most of the work for the field would be placed with UK suppliers.

■ TRADE union membership fell by 278,000 to 10.7m in 1985, 19 per cent below the peak of 13.2m members in 1979, according to Department of Employment figures.

■ GREATER exchange of teachers and students between Britain and Japan is recommended by the UK-Japan 2000 Group, a informal discussion group.

The group is also pushing for lower air fares between the two countries, and seeking government backing for a study on joint research.

Mr Patrick Jenkin, chairman of the British side, said relations between the two countries were "very slender", while relations between Japan and West Europe were "not good".

■ TOURISM appears to be recovering from the slump in overseas visitors to Britain caused by fears of international terrorism. The tourist trade improved sharply in the closing months of last year. It is now expected that 1986 will be the second best year on record.

In the first 11 months of the year, overseas visitors are estimated to have spent more than £5bn in the UK, a fall of 2 per cent compared with the first 11 months of 1985.

Britain's flexible labour force expands by 16%

BY CHARLES LEADBEATER

BRITAIN'S growing army of part-timers, temporary workers, home-workers and the self-employed – the so-called "flexible" labour force – expanded by 16 per cent between 1981 and 1985, according to official figures released yesterday.

These workers accounted for 8.1m or 34 per cent of those in employment by 1985, the Employment Department said in issuing the first national estimate of the size of permanent and flexible workforces.

The study, which provides the most comprehensive picture yet of the changing shape of the workforce, concludes: "The importance of this flexible sector has clearly been underestimated." It is based on an analysis of the 1985 Labour Force Survey.

Employers have made use of the trend towards greater flexibility to vary employment levels according to fluctuating demand and save on non-wage costs such as sick pay, pensions and holiday pay.

The flexible workforce has grown from 30 per cent of those in employment in 1981, to 34 per cent four years later.

The number of full-time permanent employees fell by 1.02m between 1981 and 1985 to 15.62m, a decline of 6 per cent, while the number of flexible workers grew by 1.15m to 8.12m, a growth of 16 per cent.

Just over 96 per cent of the fall in full-time jobs occurred between 1981 and 1983, while 72 per ceNt of the flexible jobs were created between 1983 and 1985.

Over 60 per cent of flexible workers are female. While the number of female full-time workers grew by 55,000 between 1983 and 1985, to 4.8m, they were for the first time outnumbered by the 5m female flexible workers.

However, the male flexible workforce grew by 21 per cent in the four years to 1985, to stand at 3m, compared with a 13 per cent growth in the female flexible workforce.

Much of the growth in flexible working is due to a dramatic rise in temporary work. In the four years to 1985, the number of temporary workers rose by 700,000 to 1.31m, with relatively large increases in the number of men engaged in temporary work.

One quarter of the men and half of the women in work are flexible workers.

Concern at slow pace for power plant work

By Nick Garnett

POWER PLANT manufacturers have been told by the Central Electricity Generating Board (CEGB) that they will be invited to provide proposals in August for building one coal-fired station.

The timetable for design, procurement and manufacture, however, is longer than many companies had expected. Production facilities which are at the moment grossly underloaded will not receive work on the shopfloor until the end of 1990 at the earliest.

The companies have been told that there is an option for a second coal-fired station, but it appears that the building programme for this would be two years behind the first.

The CEGB will place design contracts in June next year for one station with two 900 MW units. There will be no authorisation to proceed with procurement or manufacture until December 1989.

As it takes at least a year from this phase to production, manufacturing will get under way in earnest only in 1991, with another year after that before full loading.

The long phase between placing design contracts and approval for manufacturing is believed to result from the CEGB's concern that there should be no significant design changes during construction.

Mr Bob Davidson, managing director of GEC Turbine Generators, said yesterday that the length of the pre-manufacturing phase for the coal-fired station meant that a quick decision to go ahead with building a second Sizewell nuclear station was vital.

Northern Engineering Industries (NEI), which is not involved to any substantial extent in work on Sizewell and which has just been beaten by GEC in a bid to lead a consortium hoping to build the Rihand 2 station in India, has been in a vulnerable employment position. Some of its factories have little work.

NEI has interests – along with GEC – in a possible power station contract at Yuehang, China and in the proposed Akkuyu station in Turkey.

GKN CHIEF PARTLY BLAMES EUROPEAN SHORTFALL ON JAPANESE

Car industry 'has 3.5m overcapacity'

BY JOHN GRIFFITHS

THE West European car industry now has over-capacity of about 3.5m units a year, the group managing director of the British components group GKN told an all-party committee of MPs yesterday.

This is about a one-third increase on estimates made about two years ago by Ford, among others, and compares with estimated West European car output last year of about 11m units.

The over-capacity increase was due in part to inroads by Japanese vehicle makers, Mr Roy Roberts told the House of Commons Select Committee on Trade and Industry.

However, he said the presence of Japanese production plants in the UK such as that of Nissan's would actually be helpful to the UK components industry if the UK became the base from which the Japanese exported cars elsewhere in Western Europe.

Acknowledging that UK components and vehicle makers were mostly uncompetitive internationally in 1979-80, he said that GKN "is now at the point where we are internationally competitive on price and quality."

And far from fearing Japanese competition, GKN could now produce components in the UK at Japanese-landed prices or below, said Mr Roberts. So as long as the companies were successful, "we don't care if it's Martians building here."

However, Mr Roberts was critical of government policy in some areas, notably its handling of General Motors' attempt, abandoned early last year, to buy Leyland Trucks and Land Rover. As a result, he said: "I see a very dismal future for the UK truck industry."

He also said that if the Government were to abolish the 10 per cent car tax, levied in addition to VAT, a 2.5m a year car market might be created, which was the size needed for a broadly viable industry.

He said that while it had become necessary to have components plants in the country where customers were actually producing vehicles using GKN components, this had not necessarily harmed GKN's UK plants.

GKN's exports from the UK had increased by 28 per cent between 1980 and 1985, with most of the increase coming in countries where GKN had also set up manufacturing plants.

It was a case of the manufacturing plants giving GKN a credibility among that country's vehicle makers it would not otherwise have had, said Mr Roberts.

He rejected suggestions that the slide in sterling against most Euro-currencies should lead to immediate extra business for the UK components industry, on the grounds that new vehicles had a five to 10 year development life. GKN itself would "never" make an investment decision based on exchange rates.

Rover hopes for export-led recovery

BY DAVID BRINDLE

ROVER GROUP, the state-owned car and truck manufacturer, is looking forward to a year "better than 1986 in almost every respect," its chairman said yesterday.

Mr Graham Day held out the prospect of an export-led recovery in which Austin Rover, the group's volume subsidiary, would sell 150,000 cars overseas in 1987. Last year, its exports were a record 118,000.

He said the group's domestic market performance was also showing signs of improvement, with its share of UK car registrations running marginally below 17 per cent at the end of last week after falling below 16 per cent last year.

Mr Day expressed the hope of a decision on the future of Leyland Trucks "within 60 days." He said discussions were continuing with both Daf Trucks, of the Netherlands, and Paccar, the US parent of the Foden truck company.

He said it would be "the earlier the better" for Rover to concentrate on Austin Rover and on Land Rover, which the Government has said will not be considered for sale for at least two years.

Rover is believed to be seeking further government investment of £400m in Austin Rover, which incurred a first-half trading loss last year of £60m.

Mr Day disclosed that he had personally intervened to reprieve the Mini – the 28-year-old model that had been due to cease production in March.

● Management at Peugeot-Talbot has offered hourly-paid employees a fresh two-year pay and conditions deal – confirming the industry-wide trend for long-term pay deals.

Brussels to test legality of ports cash

By Kevin Brown

THE LEGALITY of Government grants of more than £400m to the ports of Liverpool and London is being investigated by the European Commission.

Mr John Moore, the Transport Secretary, said yesterday that further payments had been barred while the Commission investigated whether the grants breached the competition provisions of the Treaty of Rome.

The immediate effect is to block severance payments to 400 Liverpool dockers who had applied to the Mersey Docks and Harbour Company for voluntary redundancy.

The company has suspended its redundancy scheme until the result of the Commission inquiry is known. More than 4,000 workers have left the Liverpool docks under the scheme since 1981.

The Government has been making payments to London since 1979 and Liverpool since 1981 to finance major reductions in manpower caused by shifts in the pattern of seaborne trade.

Whitehall has until the end of this month to justify the scheme, after which the Commission will rule on whether competition between European ports is being distorted.

Joint steel venture to make 600 redundant

BY NICK GARNETT

UNITED ENGINEERING Steels, a joint venture company formed last year by the British Steel Corporation and the private steel sector is to shed 600 jobs at its Stockbridge plant near Sheffield, Yorkshire.

The company, which produces *high quality steels for the automotive*, aerospace and energy industries blamed the pressure on steel prices caused by competition in export markets.

It told union officials that it had to reduce its cost base in order to fund investment in new equipment vital to it remaining competitive.

Stocksbridge produces special carbon and alloy steels for use in components such as car engine cylinder heads and transmissions, and in aircraft engines. It has been exporting an increasing amount of production partly because of the steep downturn in North Sea oil activities and the relative weakness of the British vehicle industry.

● *British Rail Engineering is bringing* forward 350 previously announced redundancies at its Doncaster works because of a quicker than expected rundown in BR maintenance requirements.

The redundancies are part of a package announced last year under which up to 5,000 workers will lose their jobs by March 1989, when the workforce will total 17,000, compared with 35,000 in 1981.

FINANCIAL TIMES REPORT

Scottish Textiles

After a severe shock several years ago, some sectors of the Scottish textiles industry are showing clear evidence of recovery, as **James Buxton** reports here.

Encouraging signs

IN AN industrial landscape where bright spots are far from plentiful, the Scottish textile industry presents a rather encouraging picture.

For a start, Scottish products in the fields of both woollen cloth and knitwear have both a good name and footholds in many foreign markets, almost exclusively at the upper end of the spectrum.

That, unfortunately, often was in the recent past cause for complacency. But the recession at the beginning of the decade gave the industry a severe shock. Many weaker companies disappeared. There was a drop in overall output from which the textile industry only recently recovered, and between 1979 and 1985 employment dropped from about 110,000 to less than 70,000.

Since then, however, there have been some important developments. These include:

- A substantial improvement in productivity: output per head rose 26 per cent in the industry as a whole between 1979 and 1983.
- A stepping up of investment in new electronically-controlled machinery, and, more recently, computer-aided design. In the knitwear industry some companies are installing new manufacturing capacity.
- Something approaching a revolution in design as a new generation of designers takes over and companies become more receptive to changing consumer tastes.
- An attempt to achieve greater unity in the industry, which has been successful in the wollen sector, and is leading to a more concerted approach to both marketing and exports.

The effect of these changes can be seen all over the industry. The woollen industry is getting away from the styles and patterns that led to it being too closely identified with tweed. The knitwear industry is expanding to cope with extra demand that is partly the consequence of global changes in fashion and partly the result of better marketing of Scottish products, especially in the US, the EEC and Japan.

Although the jute-spinning and weaving industry based on Dundee barely survives, several former jute companies have made a transition to polypropylene and Dundee is the centre of the UK polypropylene industry—though as a capital intensive operation it employs only a fraction of the labour force that once worked in jute.

But the picture is not uniformly bright. A report in the latest Scottish Economic Bulletin, a government publication, says that the overall level of investment "remains fairly low" and the introduction of new technology "appears to be restricted to a small number of the larger companies."

The report said that there was more investment in the higher quality sectors and that "some companies have a reasonably well developed investment strategy." But in the higher volume sectors the returns from new technologies would be lower.

The report suggested that the best prospects for the industry were at the higher end of the market, and lay with improved quality, targeting of export markets and larger scale operations to be achieved either through direct investment in new capacity or "corporate restructuring."

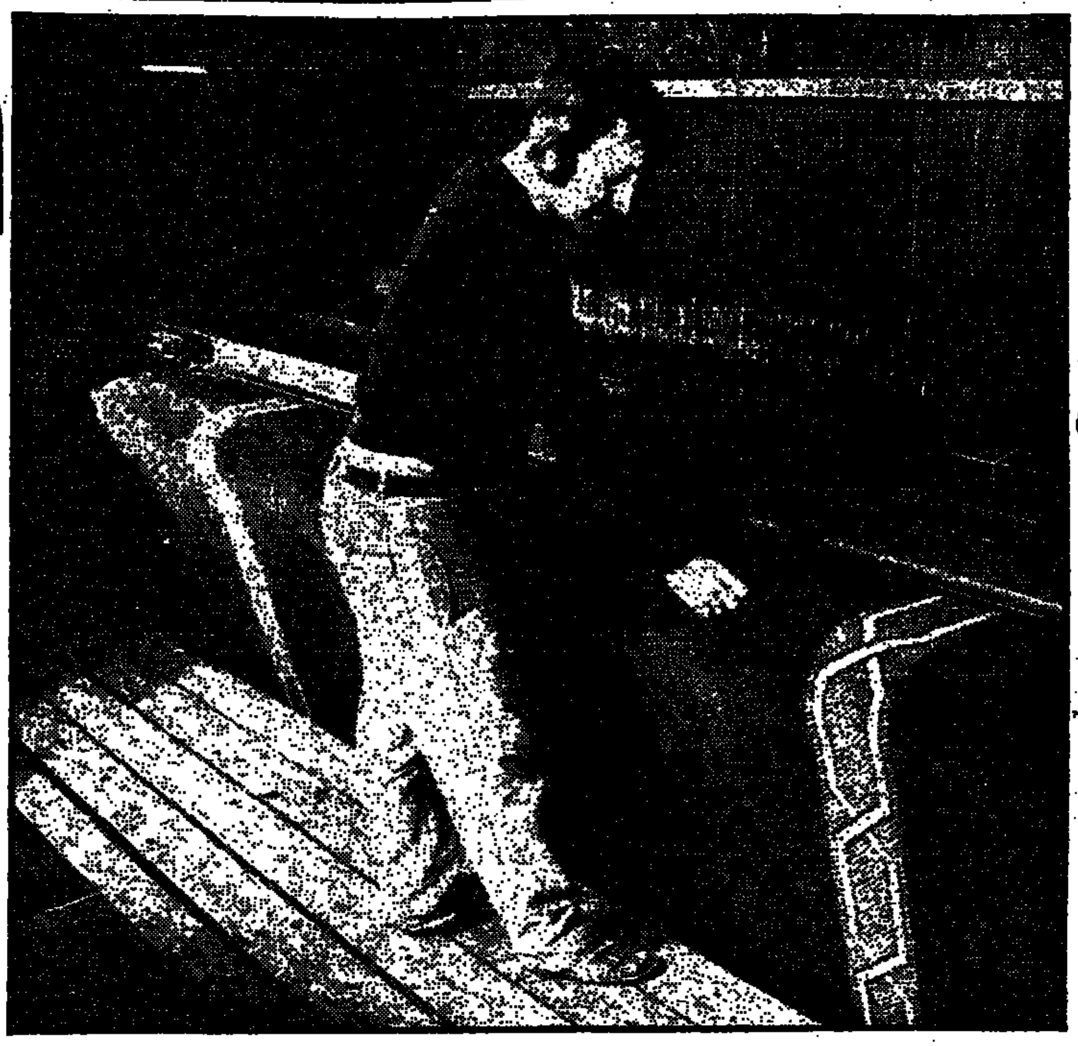
To what extent is the industry in a position to meet these requirements?

In at least one area it seems to have a very sound foundation: training. The Scottish College of Textiles at Galashiels trains students in all aspects of the industry, usually through "sandwich" courses. It is particularly strong in training young designers and has developed its own computer-aided design system for woven textiles.

There are six to 10 applicants for every place on the textile design courses at Galashiels in the borders, and Scotland exports textile designers not just to England but to Italy and elsewhere in Europe.

But Mr Cyril Furniss, the principal, says that the college could fill 30 to 50 per cent more places on its textile technology and clothing studies courses, and still be sure of finding jobs for the eventual graduates in running textile manufacturing companies. A shortage of textile industry technicians could become a serious constraint.

The boldest attempt so far to effect "corporate restructuring" came early last year when Dawson International, which has a leading position in the knitwear market and operates in many other sectors, made a bid to merge with the much larger Glasgow-based Coats Patons, whose strength is in thread. It was supposed to be an amicable arrangement which could have resulted in Dawson leading a revitalisation of Coats.



▲ CARPET for a royal suite: A prestigious £350,000 order for 10,500 square metres of wool/nylon Wilton was completed by BMK of Kilmarnock for the recent Arab Summit meeting in Abu Dhabi. The red carpet was for the royal suite at the Intercontinental Hotel where six heads of state met

But suddenly and totally without warning, Coats Patons decided to accept a rival offer from the much larger English company Vantona Viyella to create a conglomerate called Coats Viyella. Dawson pulled back, its pride hurt. The chance of creating what Mr Ronald Miller, chairman of Dawson International, calls "a Scottish IBM of textiles" was lost and Coats Patons ceased to be a Scottish company.

Quality knitwear

In demand worldwide

THE SCOTTISH knitwear industry is one of the few sectors of Scottish manufacturing industry that is expanding. As knitwear becomes increasingly popular and acceptable worldwide for both leisure and formal wear, the demand for the quality product is increasing and Scotland is getting its share for what is its speciality.

The trend of rising demand is being met by an industry which has sharply improved its productivity, its design and its marketing over the past few years, and is rapidly introducing electronically-controlled machinery and, more recently, computer-aided design.

But in a telling passage in the latest report of Dawson International, which controls many of the leading companies in the Scottish knitwear industry, the directors note: "Due to capacity restraints, the branded knitwear companies were unable to increase their volume of sales."

As a result, it goes on, three Dawson companies—Pringle of Scotland, J. and D. McGeorge, and Glenmac Knitwear—are building new plants, increasing capacity and installing advanced new machinery.

Last year, however, the industry suffered a serious downturn as a result of the Libyan bombing raid and the Chernobyl disaster, which drastically reduced the number of US tourists who came to Britain last spring and summer—visitors who very often take Scottish knitwear home with them. But the industry is confident that the trend of rising demand will soon resume.

The small town of Hawick, on the River Teviot in Roxburghshire, is the heart of the Scottish knitwear industry. Though there are only 16,000 people in Hawick, 41 per cent of employment is in knitwear and clothing and there are nearly as many members of the Hawick Knitwear Manufacturers' Association as there are of the Scottish Knitwear Association, which groups together knitwear-makers from other parts of Scotland.

Hawick is the home of both Pringle of Scotland and Braemar, two companies which share managing directors and premises but have different marketing directors, and account for half Dawson International's branded knitwear sales. But there are also such companies as Glenmac and, outside the Dawson group, Lyle and Scott, Peter Scott, and Hogg of Hawick, which belongs to the Italian casual clothing giant, Benetton.

Many of the other quality knitwear manufacturers are also based in the borders—some in Galashiels, though this is primarily a centre of weaving and spinning, and a number, including J and D McGeorge (also part of Dawson), in Dumfries. There are also important collections of knitwear makers in Ayrshire and in the Stirling area.

Scottish textiles production

(1980=100)

	1981	1982	1983	1984	1985	1986*
All Textiles	94.5	86.1	85.0	92.7	101.3	84.9
Woollen & Worsted	95.9	93.3	93.6	107.6	119.7	74.7
Cotton; Silk spinning; Weaving	95.6	88.5	90.9	89.5	92.3	88.1
Hosiery; other Knitted goods	102.9	94.8	89.4	101.2	114.9	112.8
Textile finishing	70.1	47.7	42.0	35.6	31.8	30.8
Carpets	85.0	61.1	64.8	72.3	77.5	71.6
Jute	86.2	77.5	88.2	81.1	87.5	76.1
Other Textiles	94.8	96.2	90.6	94.0	96.7	86.4

* 1st Quarter

Source: Scottish Office

Fashion knitwear by Barrie of Hawick

According to Mr Archie Purves, secretary of the Hawick Knitwear Manufacturers Association, Scottish knitwear sales were £141m in 1985, of which £67.6mwas exported. Of the total output nearly a third (£60m) was accounted for by Dawson International, whose total sales in the year to March 31 1986 were £285.2m.

At Pringle, the managing director, Mr Graham Hayward, says that the company has been spending £1m a year on capital equipment over the past few years to get away from "the very rarified atmosphere" caused by capacity being short when the company could not meet demand. Over the next five years Pringle will be spending £12m, partly on equipment and partly on the creation of a new plant at Arbroath in Tayside region.

The plant at Arbroath, a £6m project, will eventually employ more than 500 people (the company currently has a payroll of 1,600). The move away from the borders—where Pringle's five other plants are located—is dictated largely by the fact that the small border towns no longer have sufficient labour to allow much expansion.

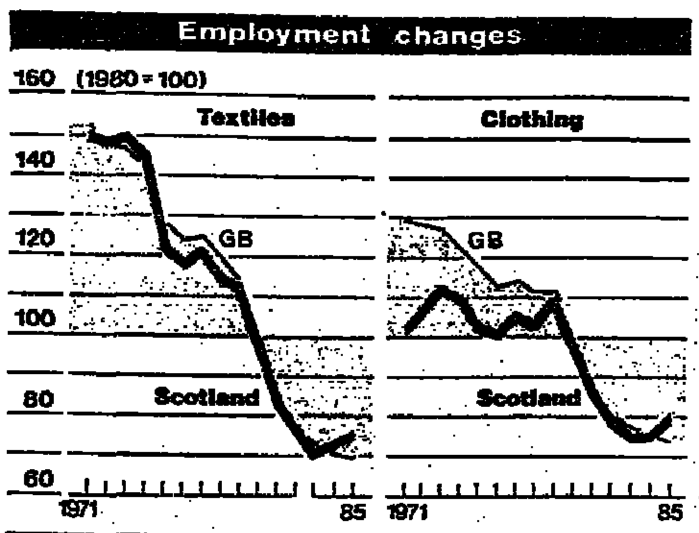
The acquisition of new knitting equipment from both West Germany and Japan has been matched by a big training programme and, very recently, by the purchase of computer-aided design equipment. "It enables the designer to experiment with 'what-if' situations and colour combinations that he might never have dreamed of," says Mr Hayward. The computer will also make a disc which tells the machine how to make the garment.

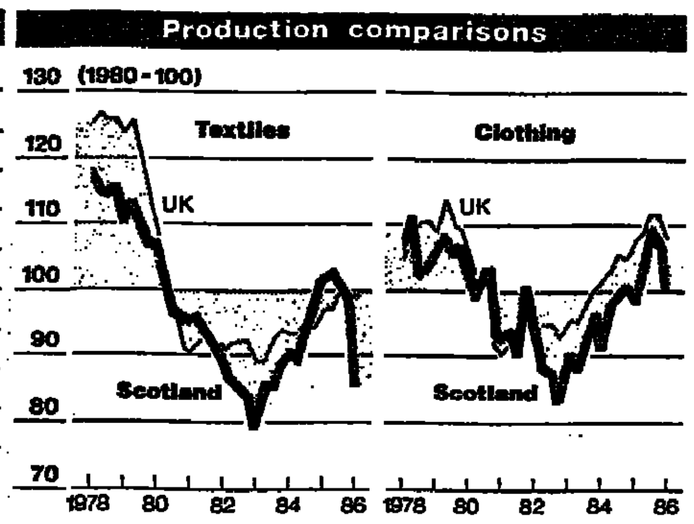
Pringle is now making more complex garments—and not just sweaters and cardigans—than in the past, and more of them. Some 600 designs now go through the factory in up to 50 colours. "It's a market-led change but we think we inspired it by making the designs and getting the machines that enabled us to put the products on the market in the first place," says Mr Hayward.

Pringle, whose ex-factory output in 1986 was £38m, sells its products in 50 countries, with the US, Italy and the rest of the EEC, and the Far East the main selling areas.

Though Dawson International appears to have many of the characteristics of a vertically-integrated knitwear manufacturer, with its own yarn spinners as well as knitting companies, the company's management policy is to give subsidiaries considerable autonomy. Only 19 people work at the Dawson International's headquarters at Kinross in Fife and the knitwear subsidiaries compete on design though not on price. "There could be four of our knitwear brand names in the same shop," says Mr Ronald Miller, the company's chairman.

SCOTTISH TEXTILES 2





Woollen products

A good name and image

SCOTLAND'S WOOLLEN industry is one of the strengths of the country's textile industry. It has a good name and image, it concentrates primarily on the higher end of the market and at least 70 per cent of its output is exported.

The woollen industry consists of Scotland's manufacturers of woollen yarn, cloth and accessories, such as rugs and scarves. Under this broad heading there also come such well-known Scottish products as tweed and tartan.

The Scottish Woollen Industry, an association which was formed in 1984 to co-ordinate and promote the industry, accounts for production which was worth about £106m in 1985. But that excludes two major companies which chose not to join the association.

It also leaves out the Harris Tweed industry which, although in the same industry, leads a very separate existence, since it is confined by the strict rules of the trade mark to the linked islands of Harris and Lewis. Production, which reached 5m yards (worth about £20m) in 1986 is at a peak, and the industry, having undergone a small revolution in design and improved its marketing, is finding it difficult to satisfy demand.

Mr Fergus Wood, the enthusiastic secretary of the Scottish Woollen Industry, reckons that the entire sector (not just his own association) has a turnover of roughly £200m. The companies, dotted all over Scotland but with an inevitable concentration in Galashiels, Selkirk, Hawick and Langholm in the borders, employ about 5,000 people, and only two companies on its membership roll, Crombie, the Aberdeen clothmakers who are part of the Illingworth, Morris group, and Reid and Taylor of Langholm, employ more than 200 people. The average company in the industry has a payroll of just 75.

The industry is now beginning to enjoy the fruits of a period of rejuvenation which followed some difficult years at the beginning of the 1980s. The Scottish Development Agency has helped the industry to improve its marketing and export promotion, and has also encouraged the members of the industry to co-operate more closely.

The industry has had to realise that the traditional activity of the Scottish cloth manufacturers as makers of so-called "bullet proof" Tweed and of suits that last a quarter of a century may give it a solid foundation and a sound image, but could also be a recipe for stagnation. The industry has had to make a major effort to strengthen its already sound base in overseas markets: even more crucially it has had to pay far more attention to design and to meeting retailers' needs.

"A designer used to be in his forties, having trained as a technician, not as a creative designer," says Mr Wood. "He looked out of his window onto a river, since almost all mills are sited on the rivers they once drew their power from. He never tramped the streets."

But in the past three years, he says, that has all changed.

"The designer today is likely to be female, to travel the world and to work closely with customers," he adds. The new graduates, many of them from the Scottish College of Textiles at Galashiels and others from Scotland's four art colleges, are "totally untrammelled."

"We don't have the sunshine of the Italians but our colours reflect the light and texture of Scotland," says Mr Wood.

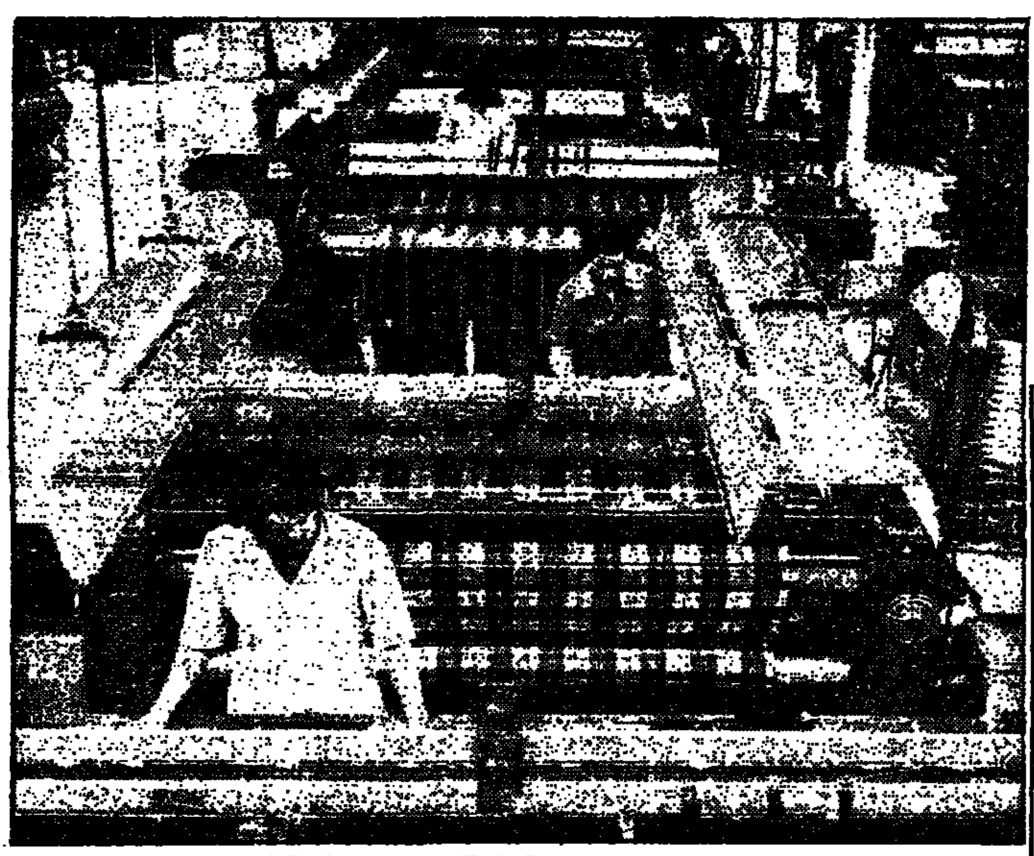
The result is to be seen in—for example—the latest worsted patterns of Crombie, which with their pinks, mauves and pale blues, convey their Scottishness more in their sophistication than in traditional styles. In 1985 Crombie received the Woolmark of the Future award for its "versatility and innovation." Designers such as Giorgio Armani and Gianni Versace use Scottish wools in their designs.

The Scottish woollen industry's gradual distancing of itself from its more traditional products and image means that its yarns and cloths are increasingly being used in markets with higher turnover—clothes that appeal to younger, fashion-conscious people, who turn over their wardrobes faster.

The strong identity of the Scottish Woollen Industry is an immense asset in promoting the industry's products abroad—an advantage Scotland has over Yorkshire, for example. In 1985 the biggest market for woven piece goods after the UK was the US, which took 19 per cent. West Germany, Switzerland and Austria between them took 10 per cent and Japan also took 10 per cent.

Thanks to a three-year promotional campaign aimed at Japanese stores, the woollen industry's sales to Japan rose by 50 per cent in 1985 and are thought to have increased by a further 30 per cent in 1986. In this enterprise the woollen manufacturers have been backed by garment makers using Scottish cloth such as Burberry, Daks and Aquascutum.

The year 1985 was a record one for the woollen industry—Government statistics show that production was almost 20 per cent above that for 1980, after which it declined. But last year was difficult for the industry, mainly because of the sharp fall in demand in the UK due to the near-absence of American tourists in the spring and summer due to the Libyan bombing raid and Chernobyl. The industry is hoping for a recovery in demand this year.


The strong identity of the Scottish textile industry is a valuable asset in promoting its products abroad. Turnover in the woollen sector alone is now £200m a year.

Carpet industry

Slimmer now but profitable

AT THE beginning of the 1980s the Scottish carpet industry was struck by a series of disasters which threatened to obliterate it altogether.

Several small companies closed. Of the big companies, BMK called in the receiver in late 1981. A financial rescue operation had to be mounted for Stoddard Holdings in 1982 with the help of the Scottish Development Agency. Scotland's output of carpets fell by almost 60 per cent between 1978 and 1982.

Now, more than four years later, the Scottish carpet industry is slimmer but profitable and is seeing the benefits of large-scale restructuring and investment in the surviving carpet manufacturers—BMK, Stoddard and Kingmead, a small subsidiary of Stoddard which it sold off to Richards, a yarn-spinning concern, last year.

BMK and Stoddard are symptoms of the revival of British carpet manufacturers after the destruction they suffered as a result of the influx of low-priced Belgian carpets at the beginning of the decade.

Belgian companies still hold about 40 per cent of the increasingly mature UK carpet market.

Stoddard ran up heavy losses after it merged with Templeton Carpets in 1980. Following the capital restructuring of 1982, it drastically re-organised its production: its machines were upgraded and a computerised warehouse was installed which enables the company to supply a carpet within 48 hours of its being ordered.

The company, which is based at Elders, in Renfrewshire, strengthened its design team and, in the words of Mr Charles Maclean, "let them spill over into marketing"—so that the designers strongly influence the choice of the products which are launched. Last year Stoddard Carpets won a Design Council award, the first for 15 years by the carpet industry.

Stoddard is in what Mr Maclean calls the "Jaguar and top-end of the Fords" part of the carpet market. It does not produce unbranded carpets to be sold under other names in the big carpet multiples such as Allied (though it does display its carpets in the multiple stores). Rather, it prefers to get as close to its customers as possible through other retailers.

"The consumer is less price sensitive than the stockist and likely to accept good new design quicker," says Mr Maclean.

The company, which employs about 700 people in carpet making, is also expanding in the contract carpet market, which consists of one-off designs and orders for new office blocks, hotels, cruise ships and so on. Whereas the UK domestic market is rising 5 per cent a year, the contract market is growing by 15 per cent but it is more demanding in terms of sales effort, investment in plant and design. Stoddard supplied the carpets for the new Lloyd's building.

Stoddard Holdings had sales of £37.1m in the year to March 31 1986. Operating profits were £1.186m and after heavy interest charges and paying a dividend the net result was a loss of £187,000. But in the six months to September 30, with interest charges sharply down, the company made a net profit of £123,000—its first substantial profit for six years.

BMK, Scotland's other leading carpet manufacturer, has had an even more dramatic resuscitation than Stoddard. When the company, which was employing 1,500 people at Kilmarnock, went into receivership in 1981, it was bought for only £4m by Mr John Logue, an English businessman with no previous experience of carpets.

Since then the company has been rebuilt almost from scratch, with major investment in machinery and buildings. As at Stoddard, the design team has been greatly strengthened and sales and marketing improved.

Since Mr Logue moved in, turnover has almost doubled to about £20m, and the number of employees has risen from the 187 to 467. Mr Logue, its sole shareholder, says that BMK should increase its profits to about £1m in the current financial year.

Mr Logue says that BMK is in the lower middle to the top end of the carpet market. Its business is divided about half and half between the retail and contract markets and two-thirds of the contract market consists of exports. The biggest market is the US, but orders have been won all over the world, including the Middle East and Hong Kong. BMK also won a public relations success by supplying the carpet for last year's Royal Wedding in Westminster Abbey.

Synthetic fibres sector

Diversity brings success

THE FALL of Dundee as the centre of a large industry for processing jute is yet another facet of Scotland's industrial decline. But while the remaining jute industry is now fighting against a new threat, some of the jute manufacturers who moved into synthetic fibres are thriving, and Dundee has become probably the major centre of polypropylene manufacturing in Europe.

The jute industry in Dundee and other towns in Tayside was still employing 19,000 people in 1960, and 13,000 in 1970, when raw jute imports from Bangladesh amounted to more than 80,000 tonnes. But in 1985 imports were down to 14,900 tonnes, and now employment stands at only 1,200. There is only one company still engaged in jute weaving — Don Brothers Buist — and just six in spinning.

As Indian companies stepped up their exports of jute fabric, the Dundee industry was reduced to just two products—the so-called Dundee specialties. These are scrim for roofing felt — a £15m market in the UK — and yarn which is used for backing for quality carpets, of which output is estimated by Mr David Borrie of the Jute Spinners and Manufactures' Association at about £20m, of which £8m is exported.

Over the past two years, Indian manufacturers have staged what amounts to an assault on the British scrim market, charging prices with which the Dundee industry says it cannot compete.

With fears mounting in Dundee that companies there could be driven out of this market altogether — with consequent job losses — and anxieties that there could next be an Indian assault on the yarn market, Dundee is appealing to the Department of Trade to impose quotas on imports of finished jute products from India. Export of these products used to be limited under the multi-fibre agreement which expired in 1983.

"We had been bumping along the bottom — now we've fallen into an air pocket," explains Mr Borrie, mixing his metaphors.

In synthetic fibres, however, the situation looks rather brighter. Several companies made a successful transition from jute into polypropylene, investing about £50m over the past few years. About 2,000 people work in the industry in the whole of the UK, of whom 1,500 are in the Dundee area. Amoco UK, the world market leader, has a subsidiary in Dundee — the former H. and A. Scott.

Shell Chemicals last year took over Don Brothers, Buist, which is based in Forfar. Its subsidiary, Don and Low, is now one of the largest polypropylene extrusion and weaving companies in Europe and Britain's biggest supplier of primary and secondary backings for the carpet industry. With narrow operating margins, production efficiency is vital, and Don Brothers, Buist has a reputation for it in other parts of the textile industry.

Among the company's other products are geotextiles—sheets of fabric which are used in the construction of motorways, railways, embankments, harbours and so on.

Don Brothers, Buist had sales of over £51m in 1985. In the agreed takeover by Shell the company was valued at £23m. Shell had long been a major supplier of polymer to Don Brothers, Buist and the company's management said it favoured the takeover because it believed it could get more investment funds from a strong parent company.

Low and Bonar is another Tayside company whose fortunes were originally founded on jute but which now operates profitably in packaging, plastics, electronics and textiles. The company, which made pre-tax profits of £13m on sales of £175m in 1985, concentrates on specialised high-technology niches in the textile industry.

It finally moved out of jute and flax in 1975 but by then was already involved in synthetics. At Dundee, Bonar Textiles now makes specialised polypropylene yarns for carpet backing, and is also expanding its sales—especially to local authorities—of artificial grass products for all-weather sports pitches. It is beginning to penetrate the European market and has won an important order from West Germany.

Bonar Textiles has also gone into non-woven textiles which Mr Newlyn Jones, chief executive of th textiles division, says "represent the way forward into the next century for the western world" and for which the market is growing at 15 per cent a year.

To get into the field, Low and Bonar bought control of a company in the US—now called Bonar Fabrics—and is transferring its "unique" technology to Dundee where it is building a new £6m factory which will be the first of its kind in Europe. It will concentrate on floppy disc linings and surgical products. Low and Bonar does not intend to go into the cheaper end of the non-woven market in fields such as linings for diapers.

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Trade protection

Laura Ashley's deep pockets and long arms

Christopher Parkes reports that vigilance is costly for the UK retailer

JAPANESE INDUSTRY is well known for its imitative abilities. More recently, it has won notoriety for its intractable stance in the face of the West's commercial grievances. So John James, managing director of Laura Ashley, the UK textiles and home furnishings retailer, was understandably delighted when recent action against a Japanese "look-alike" company resulted in a quick victory.

The group's global success with its distinctive English styles has inevitably attracted imitators of all kinds. All those detected come under immediate and heavy legal fire. Peter Phillips, finance director, budgets £250,000 a year for investigation and legal costs.

The company's Welsh headquarters was alerted to problems in Japan early last year when investigations of a customer's inquiry about a Laura Ashley "sister shop" in Tokyo prompted the observation from one of its employees there that the shop in question might lead to "confusion."

Further searching turned up five such shops, owned by a Japanese company, Check Out, and trading as Lynda Usher (the name was licensed from a Scottish knitwear manufacturer) and Moreton Morrell. Check Out's operations bore several striking similarities to Laura Ashley's merchandising and product styles.

As James wrote to Michio Watanabe, then Minister of International Trade and Industry: "It is unusual . . . for even the most thorough imitator to copy as many aspects of our business as Check Out . . . has evidently done with Laura Ashley."

His charge list included:

- "Catalogues closely based on our own." The 23 line preface in one was a word-for-word "lift" from one of Laura Ashley's.
- "Several of the garments featured . . . are direct copies of our own styles, and using very similar fabric patterns."
- "The trading symbol used by Moreton Morrell . . . is an obvious copy of our trade mark, consisting of an oval and a blackberry sprig motif which is a mirror image of the emblem used in our logo design."

Laura Ashley had noted other similarities: in shop design and decoration, for example.

The letter to Watanabe—with a copy to the British ambassador in Tokyo—was only one shot in the scatter-gun tactics used in the assault. At the same time Japanese lawyers sent out "cease and desist" warnings to Check Out and other shops handling their products, met Miti officials to discuss the case, instituted court proceedings, filed complaints with the Fair Trade Commission and told the local press and trade associations what was going on.

The battle, viewed at Laura Ashley as "the most extensive and potentially damaging conflict of its kind our group has ever experienced," was won out of court within a couple of months. First, department stores selling Check Out products volunteered to stop. Check Out later agreed to stop selling infringing products, scrap the Moreton Morrell logo, recall and destroy offending catalogues, and pay compensation to Laura Ashley.

James is still unsure exactly how the out-of-court victory was secured. Peter Phillips suggests the unusually aggressive Japanese lawyer should take most of the credit, but, an internal company note proposes: "It is more likely that contact with Mr Watanabe's ministry was the key element. We know the department of trade and industry played a role . . . We speculate our joint venture partner (Japanese United Stores) may have played a more active part than was apparent at the time.

"In any event, we trust we have established a precedent which might serve as an effective deterrent to others."

Pleased as they were with the outcome, James and Phillips were less happy with the £75,000 bill from their Tokyo lawyer — although the £25,000 compensation helped ease the pain.

They are positively dismayed by the mounting cost of defending Laura Ashley's trademarks and copyright in every corner of the world.

As well as the £250,000 a year the company spends on the routine pursuit of imitators, counterfeiters and assorted pirates, it allows an extra £50,000 for each large-scale legal action. This is a staggering amount when compared with other international companies. Rowntree-Mackintosh, for example, which has annual sales almost 10 times those of Laura Ashley's £132m, budgets £500,000 a year for trademark protection worldwide.

Laura Ashley has a firm policy of pursuing any company or individual which it feels is attempting to exploit its success by copying its style or products.

Phillips says he sometimes feels sorry for the company's targets. Still, the Laura Ashley "image" of up-market, rural English romanticism is one of the company's most valuable assets, and, as such, it must be protected.

One cause for regret is that there are few practicable means of preventing Indian and other Asian textile printers from copying and exporting Laura Ashley designs. Consequently, the lawyers' letters sometimes drop on the doormats of relatively small manufacturers and retailers which may have bought fabrics in good faith but which have subsequently been obliged to bear the cost of destroying made-up goods and stocks or paying Laura Ashley compensation.

Last year, North America yielded a tally of ten successful interventions against companies, ranging from a crockery importer to a company making bath mats.

Together with the gratifyingly swift settlement in Japan, the 1986 litigation season was proceeding well until the High Court considered Laura Ashley's writ against Coloroll, an aggressive British competitor in textiles and home furnishings.

Laura Ashley had taken particular exception to the design of the Coloroll symbol which, it alleged, infringed its own familiar oval device with open lettering and flowery sprigs.

Results of subliminal recognition tests, which suggested that a glance at the Coloroll mark could lead to confusion with that of Laura Ashley—and even the Esso symbol in some cases—were lost on Mr Justice Whitford. Oval borders were "commonplace," he said, and gave the plaintiffs short shrift.

Net result for Laura Ashley was a nasty blot on its successful record, advice not to appeal, another £50,000 lawyers' bill, as yet unknown defendants' costs—and considerable cause for concern over the future security of its trade marks and the exclusivity of its image.

James and Phillips are equally concerned about Coloroll's plans for the US, where it has recently taken control of Wallmates, a major wallcoverings manufacturer. Laura Ashley has a flourishing business in North America, and is especially vigorous in protecting its trade marks there.

It has already taken legal advice on the position should Coloroll's oval device show up across the Atlantic. "Initial opinion is very encouraging," says an internal memorandum. "US courts . . . may be inclined to take a more commercially realistic view of attempts to plagiarise than their UK counterparts," says Paul Rew, director of group legal services.

Whatever the relative merits of the transatlantic legal system, industry in the US is clearly harassed by pirates to much the same extent as companies in Britain. The US Anti-Counterfeiting Group, set up about five years ago, has grown rapidly and now has about 130 major companies on its roll.

Its British counterpart, started at about the same time to deal mainly with trade mark problems, was launched with 18 members. It now boasts 70, according to group secretary Anthea Worsdall. Most prefer to remain anonymous, but the mix includes many well-known names such as MK Electric, Alfred Dunhill, Lucas and the Wellcome Foundation.

The International Chamber of Commerce reckons that counterfeit goods may account for as much as 3 per cent of all world trade. Worsdall's conservative estimates suggest they cost British industry £100m a year in lost sales, but the true figure, as with the total companies spend defending their interests, is anyone's guess.

Meanwhile, the affronted or ripped-off have to make do with the defence resources to hand. Laura Ashley is perhaps fortunate in that it has the means to maintain a worldwide watch on its properties and the funds to support litigation.

Others are less well-placed. There is, for example, the case of Lynda Usher herself. A successful, upmarket knitwear designer and manufacturer based in Inverness-shire, she became innocently enmeshed in Laura Ashley's Japanese campaign by virtue of a routine trade mark licensing agreement with Check Out.

According to Jeremy Goddin, a lawyer and patent agent, speaking on her behalf, investigations which followed "an extremely unpleasant and uncalled-for attack" from Laura Ashley's legal advisers resulted in her "complete exoneration."

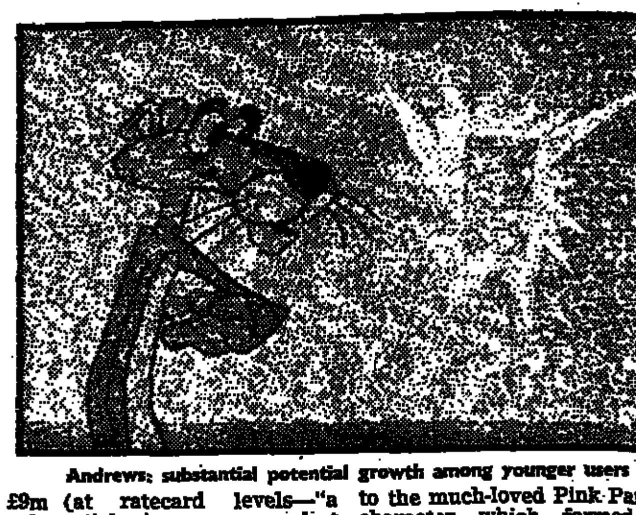
Now she herself is confronted with a case in which she has discovered a US retailer selling clothes allegedly made to an exact copy of one of her designs. A legal remedy may be available, but is it accessible to a company of Lynda Usher's scale? According to Goddin, a successful challenge in a US court would cost at least £150,000.

The cost of failure hardly bears thinking about.

Andrews Liver Salts

Putting a panther in the pink

Feona McEwan reports on a fizzy campaign



Andrews: substantial potential growth among younger users

HOW TO pep up a famous but flagging brand is a problem that can afflict even the most time-honoured products. There is no shortage of established brands, many as old as the century itself, that have had to seek a "pick-me-up" formula to survive Britain's fast-changing consumer habits. Lucozade, Bovril, Horlicks, Ovaltine and Guinness (draught) are among them.

Andrews Liver Salts, designed to soothe upset stomachs, may be as familiar as the bathroom cabinet, but after 90 years on the market, sales were falling and it was in danger of growing old along with its ageing and lower-income consumers.

Today it is a different story. After a concerted marketing exercise, including a regional television campaign based on the Pink Panther cartoon character, Andrews has found new fizz. Sales climbed by 40 per cent at the peak of the campaign as a wider audience, including younger consumers, have discovered it. The company claims to be brand leader in the UK's £13m effervescent antacid market (worth some £44m) with some 49 per cent—its nearest rival is Alka-Seltzer.

Andrews comes from Sterling Health (part of the US pharmaceutical multinational, Sterling Drug) and, along with other brands like Solpadeine, Cymalon, Hedex and Baby Wet Ones, forms the core of Sterling's marketing effort for its over-the-counter products. Since Sterling considers the product to be a prime brand, why has Andrews not hit upon its new-found popularity before?

Part of the reason concerns the company's need to raise its marketing profile in response to the Government's Black List of 1985, which banned doctors' prescription of certain branded medicines.

As a result, pharmaceutical companies with over-the-counter brands are taking a more aggressive marketing stance as is evidenced by the rapid rise in consumer advertising. "We're having to rely on consumer demand rather than sell on the back of prescription users," says Andy Nash, marketing director of Sterling Health. Two weeks ago SM was advertising no less than three products on television. This year its total advertising spend will be around £9m (at ratecard levels—"a substantial increase on last year."

Andrews, with its older consumer profile, was recognised as offering substantial potential growth among younger users. A television promotion—the first for about eight years—was decided upon. But that was not as simple as it may seem. For over-the-counter medicines are subject to restraints, both legal and voluntary.

The only way responsible pharmaceutical companies can sell more of their products is by winning market share at the expense of rival brands. The idea never is to encourage consumers to take more analgesics, for example, but to take Hedex instead of, say, rival Anadin. The IBA's code of advertising practice also dictates that as the Pink Panther is a children's cartoon character, it may not be used to promote a product for adults in an ad screened before 9 pm.

On the face of it, the reason for Andrews' present revival may be due to a larger advertising spend, an intelligent and apt creative solution in the "off-colour" Pink Panther, and some cunning below-the-line marketing back-up.

Andy Nash is unsure. "To be honest, we're not quite sure what we've done differently this time. We went in with the same objectives, to 'grow' the brand. But in the end it's a mix between science and art . . ." And he adds: "If you get it right on television there's nothing to touch it in terms of movement and coverage, but if you get it wrong it can be very expensive." [And Andrews has fluffed it in the past.]

Much of the credit is given to the much-loved Pink Panther character which formed the heart of the new campaign. In the commercial he is first seen walking disconsolately, an off-colour shade of green, but a dose of Andrews Salts restores him to his natural hue.

Andrews' previous television advertising efforts in the 1970s did not produce the significant results of the latest campaign.

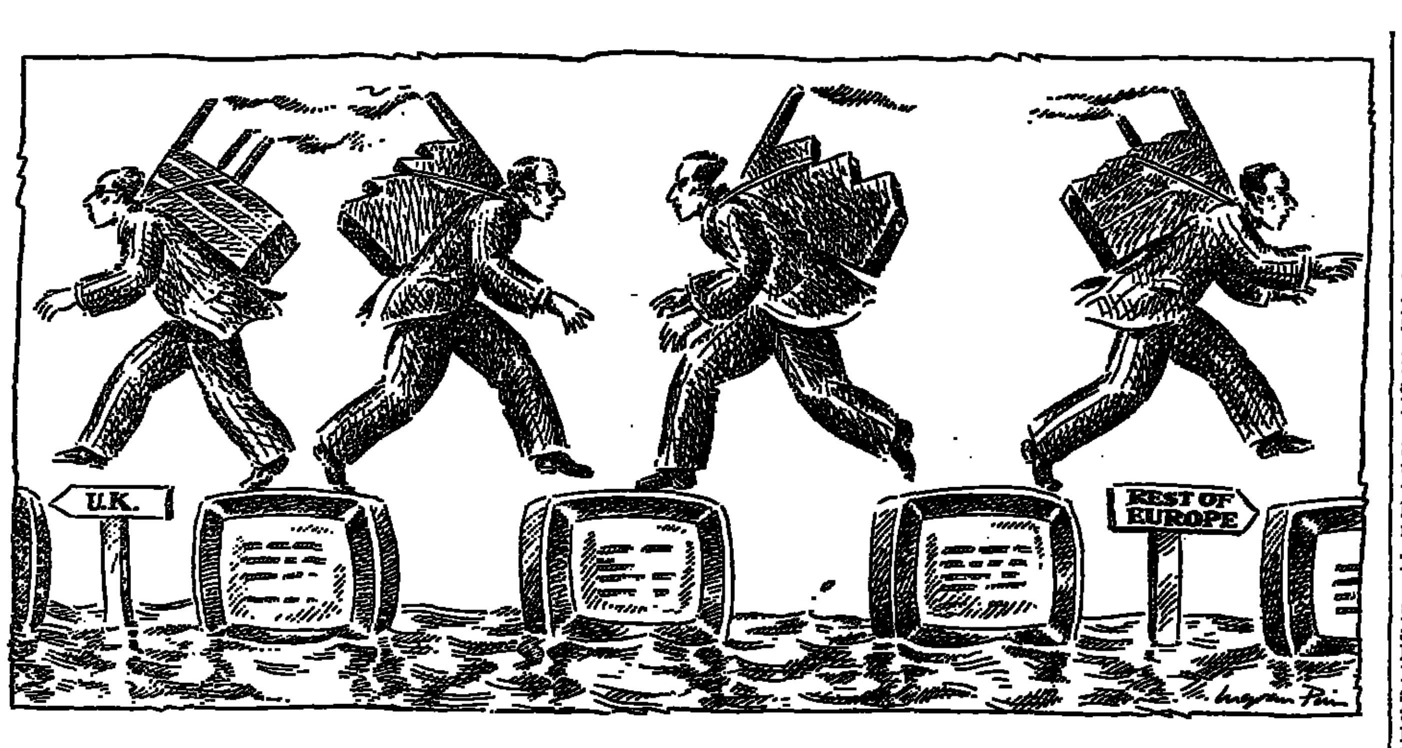
The return to television came about after research into attitudes and usage revealed that consumers used the salts differently. To one person it was a laxative, to another a refreshing drink, to another a stomach soother. In all cases, however, the user was feeling off-colour. Hence the Panther. Irish agency McConnells experimented with the Panther in print in both parts of Ireland, and London agency CM Partnership developed the idea into television.

It was the agency's mission to bring the product up to date. The problem, says agency partner Simon Galvin, was that "while Andrews had almost total awareness it was not front of mind."

The commercial ran in Yorkshire last year and results, says the company, "exceeded expectations." After taking what it describes as "the traditional Nielsen marketing approach" of test-marketing in one region first, Andrews goes nationwide this year.

For its next trick, the ad agency has developed a Jonah and the Whale cartoon. The off-colour whale is seen with Jonah fishing inside a turbulent stomach. After a dose of salts which spill into the stomach, the whale's normal colour is resumed.

TECHNOLOGY



Simple steps to best factory locations

Hazel Duffy examines Euroloc, a database which gives a quick guide to grants and other financial assistance for companies wishing to expand production facilities within the EEC

YOU ARE the manager of a small UK-based specialist chemicals company, using advanced process technology. Business has gone well and you want to expand the group's production facilities. The company sells throughout the EEC, although West Germany is of particularly importance. In theory, at least, the new plant could be anywhere in Europe, or it might make more sense to expand in the UK.

Such companies must take a lot of factors into account, such as availability of skilled labour, wage rates and access to transport systems. After consideration of these, the official grants that are on offer frequently tip the balance in favour of a particular area. The problem: how to find out what is available?

At the last count, there were around 600 financial assistance schemes on offer from governments in the European Community and from EEC institutions (excluding those in Spain and Portugal).

They varied from substantial help to companies to expand in development areas of the EEC to assistance towards paying for consultants' surveys on, for example, the application of new technology to individual companies.

It is possible to write to the relevant departments in each country (a single department would almost certainly not suffice). But in some countries—West Germany, for instance—the grants available from regional government can be more generous than at the Federal level. Then there are financial incentives offered by institutions of the Community, and loans from the European Investment Bank.

The company also has to remember that the aid schemes will change. While the basis of some remains the same for years, others are introduced and dropped quite quickly.

It was this veritable maze of information that Professor Kevin Allen, at the University of Strathclyde's Centre for the Study of Public Policy, spotted as an ideal business opportunity. With the help of a grant from the European Commission, his team has developed a database which provides continuously up-dated information which can be made available on most computers via the telephone system.

Euroloc, launched a year ago, was a natural development from Aims, the Unit's first system, which gives information on Government support for businesses in Britain.

Users of both services include management consultants, which have identified a growing market amid the complexity of government assistance for companies which want information and guidance on the best possible aid packages. Local authorities, development agencies, as well as individual companies are subscribers to Euroloc and Aims.

A short training course on Euroloc, provided by the Unit, enables users to compare grants on offer at national level, and from more than 100 regions. This can be done through an alphabetical list, with English or foreign title search. But more important, it allows analysis by aid which gives comparison of schemes with common objectives—for instance, small firm development, sectoral development, structural adaptation (schemes to help firms in difficulty through takeovers, mergers or restructuring of capital), export promotion, research and development/innovation, and development in problem areas.

Euroloc also permits retrieval of statistics on the economy, labour, trade, etc at national and—when available—regional levels. News items relating to financial assistance — forecasts of total aid available, changes in development status of an area, for example—are also added.

Most countries in the EEC have revised the basis of their regional incentive schemes in the last two to three years. Sometimes, as in Britain, these have involved big changes to the development area map. There can be other changes which a company planning expansion would want to know, such as the recent decision by the British Government to delay payments by two months on regional assistance.

Increasingly, even large companies prefer to buy in advice and information rather than go to the cost of employing expertise in-house; this is where data-bases and consultants come into their own. But the Unit also produces an annual textbook, European Regional Incentives, based on a survey, available in English, German, French and Italian. This is for those wanting detailed information on how to go about submitting claims for assistance, where the money comes from, the number of schemes turned down by governments, and other such useful advice.

Why bioscience trail led Swedes to India

BY SARA WEBB IN STOCKHOLM

WHAT MAKES a Swedish company set up a biotechnology research centre in Bangalore and place an advertisement in the international scientific press aimed specifically at attracting Indian research scientists?

The answer is "because Sweden is too far behind in biotechnology and we cannot find the right people here," says Professor Sune Rosell, head of research and development at Astra, the Swedish pharmaceuticals group.

His advertisement appeared in the journal Nature and was aimed at researchers in molecular biology and recombinant DNA techniques. It attracted about 100 replies. In Sweden, the same advertisement would have probably brought in about 10 applicants, he says.

"There is such a shortage of the right people in Sweden, it would have emptied the universities," says Prof Rosell.

He noticed that many Indian scientists moved to the US once they had obtained their doctorates in India and found how few research opportunities in biotechnology there were at home. "We thought it would be an idea to reverse the brain drain by setting up a research centre in India and attracting Indian scientists back to their homeland."

At the same time, the venture gives Astra the chance to cultivate research links with India, with a view to eventually establishing a more powerful presence in the Indian pharmaceuticals market.

With the Astra research centre in Bangalore, the company hopes to attract "top notch" Indian scientists from American research centres. Professor Ramachandran of the University of California and a director of the protein chemistry division of Genetech, the Californian biotechnology company, has been appointed director of Astra's Indian research effort.

The governing board includes a handful of Swedes and, more importantly, several influential Indian scientific names, a move which Astra hopes will find favour with ministries and ease the wheels of bureaucracy.

The new research centre will work on research into DNA techniques, cloning, and protein chemistry — areas which Astra has long wanted to step into but which it has not been able to for want of research expertise in Sweden.

"As a pharmaceuticals company, we need to use biotechnology methods," says Prof Rosell. The alternative to setting up a research centre was to buy a small biotechnology company in India, but Astra opted for the former strategy and has so far spent about £3m to £4m on the project. Last year, Astra allocated about 20 per cent of sales, around US$26m, to research.

The centre has been registered as a society, so under Indian legislation, it cannot act as a commercial organisation. This means that if Astra wants to make use of research results, it will have to pay royalties to the centre. Its long-term aim is to make the centre self-sufficient through royalty payments.

The scientists will concentrate on two areas — research which is closely tied to Astra's existing programme in Sweden, (centred on products for treatment of ulcers, cardiovascular, respiratory, and central nervous system diseases), and research into tropical diseases, particularly those prevalent in India.

The centre's most important project — already under way — is to find DNA probes (which are a sort of genetic testing kit) for different kinds of diarrhoea and to design appropriate drugs for their treatment.

Diarrhoea is a major problem in India, especially among children, and the use of DNA probes could help to cut the time taken to identify the underlying cause and help to find a suitable treatment more rapidly.

Astra is also considering research into malaria and other parasite diseases.

At the same time, the company hopes to collaborate with the Indian Institute of Science in much the same way as it does in Sweden where it is usual for a company to have "adjunct professors." These are paid by the company but spend some of their time teaching in a university and maintaining contacts, especially in related research fields. Back in Sweden, Astra has links with the universities in Uppsala, Gothenburg and Lund, as well as with the Karolinska Institute in Stockholm.

Astra is particularly keen to foster relations with the Indian Institute of Science's department of biochemistry and molecular physics. As well as paying for a new wing for the department, it is giving financial support to several research projects,

"We don't have all the facilities in the Astra research centre whereas the Institute is carrying out basic research in biochemistry and training young scientists that we may later be able to employ," says Prof Rosell.

Finns look to make more of barley crop

BY DAVID FISHLOCK, SCIENCE EDITOR

FINLAND IS close to commissioning an integrated fermentation complex converting home-grown barley into such commodities as fine starch, barley molasses, ethanol, animal feedstuffs and carbon dioxide.

Currently — and anomalously the country exports up to 800,000 tons of barley annually, but needs to import up to 80,000 tons of starch, 80,000 tons of raw sugar, 100,000 tons of soya and 12,000 tons of ethanol.

The "barley refinery" has been designed and built by Alko, of Helsinki, the state alcohol monopoly which is already demonstrating its new technology by converting 50 tons of barley feedstock a day.

Full-scale production at Koskenkorva will convert at ten times this rate, with almost no waste products. A typical product mix might be 15,000 tons of ethanol and 65,000 tons of high-protein feedstuffs a year.

One key to Alko's success is the way it separates barley starch into two different particle sizes. The higher-quality "A stream" is feedstock for starch syrups, starch sweeteners and other premium products. The less refined "B stream" is fermented to make ethanol.

Desk-top publishing addition for IBM

By Louise Kehoe in San Francisco

OWNERS of IBM and IBM-compatible personal computers who enviously eyed the ability of Apple Macintosh owners to produce impressive documents using "desk-top publishing" programs such as Pagemaker, need fret no more.

Aldus Corporation, the Seattle, Washington creator of Pagemaker, the top selling desk-top publishing program, has launched a new version to run on IBM-type personal computers (PCs).

The Macintosh version of Pagemaker, which was introduced in July 1985, launched Apple Computer into the desk-top publishing market. Combined with Apple's Macintosh and Laserwriter printer, the program enables amateur computer users to produce professional quality documents such as newletters, reports and brochures at a fraction of the cost of conventional techniques.

According to US industry analysts, Pagemaker is behind the recent boom in Apple Macintosh sales, which Apple says doubled last year. Aldus has sold 50,000 copies of Pagemaker for the Macintosh, the company claims.

Pagemaker sets up the computer screen as an electronic paste-up board and enables users to mix text and graphics to create original layouts. Features include automatic justification, and the ability to change type size and style at will.

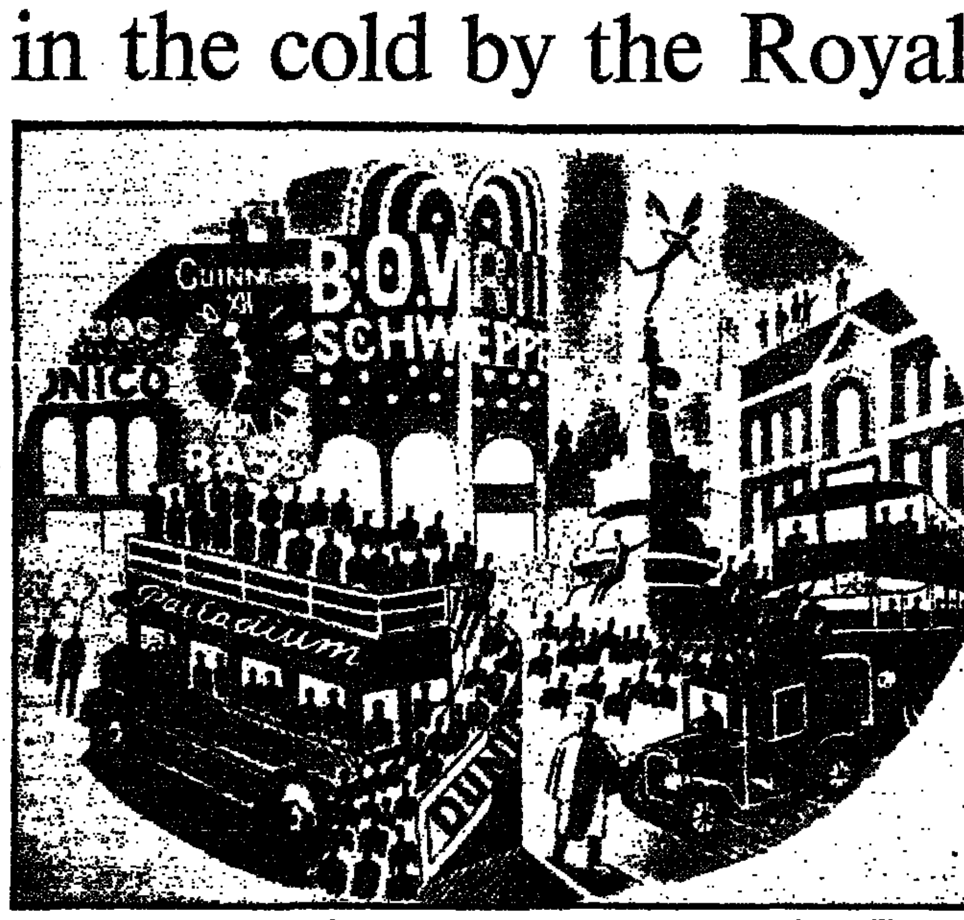
The PC version af Pagemaker, which will sell in the US for $695, looks identical to the original with pull-down menus and a graphic user interface just like the Macintosh. The program runs under the Microsoft "windows" environment, which provides the graphic user interface. Apple has licensed Microsoft to use features of the Macintosh screens. The "windows" software will be included with Pagemaker for IBM-type machines.

THE ARTS

London Galleries/William Packer

Left out in the cold by the Royal Academy

With the Royal Academy now full of several sorts of modern British art, and the talk as much of what has been conspicuously omitted as questionably put in, it is hardly surprising that a number of galleries should choose the moment to give their own favourites an airing. The most open and direct of these exercises is at the new and most welcome **Albemarle Gallery**, at 18 Albemarle Street, where the inaugural exhibition is indeed a Salon des Refusés (until mid-March). It neatly points to the Academy's sins of omission on several counts: the wrong Camden Townites and Euston Roaders; inadequate abstraction; no Academicians; no Celts. But it is the quality of the individual works themselves that puts the true argument and the gratifying confirmation of the undersung strength in depth of British art in this century. William Nicholson, Augustus John, Jack Yeats, Robert Bevan, J. D. Fergusson, Christopher Wood, Alfred Wallis, John Craxton, William Scott, Ceri Richards, Euan Uglow, John Tunnard, Cecil Stephenson, Alistair Morton, Jessica Dismoor — these are only some of the artists well represented here, each with a legitimate claim to a proper recognition.



"Boat Race" bowl, designed for Wedgwood in 1938 by Eric Ravilious

As for other galleries, the **Redfern** is showing new paintings and drawings by Karl Weschke (until February 25). His is a mature and idiosyncratic expressionism, deceptively simple in its statement and fraught with portent and intimation. The drawings, lively and direct as they are, are perhaps a shade too perfunctory, at least for public show; but the major paintings are as strong as ever, especially those of Leda and the Swan, and the Swan in flight.

Angela Flowers has a small, strong group of works on paper, paintings and collages by Terry Frost (until the end of this week). All have been made within the past ten years and they show him at his particular strength, full of life, inventive fun and formal wit. The scale suits him especially well, allowing him the concentration and intensity of colour and contrast that is so characteristic of him, yet simply and rapidly executed. Of all the post-war St Ives abstractionists, Frost is the most inconsistent in the quality of his results, yet his virtue is in the risks he takes, the sense of gleeful impulsiveness about him. When things work for him they work wonderfully well. A careful Frost would hardly be the artist we know.

Gimpel Fils have an important show of the paintings that Alan Davie was making in the 1950s (until February 14). Davie is represented at the Academy by three works of this period but even so it is splendid to have this chance to see so many more of them. Close in intuitive sympathy to the abstract expressionism of the New York school that was to become so dominant an influence on European painting from the middle of the decade, he was nevertheless entirely his own man and we are inclined to forget just how radical and original a force he was in Britain's post-war art world. The date game, played too obsessively, can be a bore, but it is important to register just when these works were done and the collective statement they represent. The parallel development of expressionist and symbolic abstraction in Europe and America, both strains fed by earlier surrealism and expressionism, is one of the most intriguing features of recent art history and we did both schools a great disservice after 1960 by accepting too lightly the critical pre-eminence claimed for the American. Davie's dense, impacted surfaces, with their dark, rich colour like old tapestry and the rough, vigorous, abstracted symbolism of the imagery, were as European as they were original.

And last there is Eric Ravilious at the **Crafts Council Gallery** in Lower Regent Street (until March 29). Here the coincidence with the Academy show is complete, for this small and enchanting reassessment of Ravilious' life's work was put together by the Towner Art Gallery in Eastbourne and has been on tour, coming on to the Crafts Council only by a late arrangement. Ravilious was killed in the war, lost in an aircraft in the Atlantic in 1942 at the age of 39, and it is tempting to suppose that had he survived to a full career his would be a major presence in the Academy show today. Even so, he remains a curiously potent and influential figure in British art, and he does seem to have touched a true nerve in the British sensibility. His work is intimate, with a fine, apparent accuracy, for his is a disingenuous art that takes its liberties with deceptive easiness and a straight face. He used water-colour, which the world knows we adore, with a wonderful accomplishment and a natural, unself-conscious decorative flair.

Like any number of artists in those happy, sensible 1930s, he took his chances to spread his talent across several disciplines of illustration and applied design. Paul Nash is the conspicuous example and comparison, who has emerged at the Academy as an artist of real greatness and international standing. Where Ravilious, perhaps, has suffered in his reputation is in our contradictory response to his preferred scale and medium. Nash after all painted proper oil paintings on proper canvas, which is a serious business, while the water-colour and the drawing and the illustration are all — shall we say — so light-weight. David Jones, Edward Bawden and Edward Ardizzone are all artists who have shared in such patronising approbation, all of them nonetheless true and original in their work. Eric Ravilious too is an artist with a true and personal vision of the world, whose work has real distinction and retains its force if only we give it time to work its quiet, potent magic.

Fifth of July/Theatre Royal, Bristol

B. A. Young

It is hard to believe that Lamford Wilson did not have a series in mind when he wrote his first play about the Talley family, *Fifth of July*, and indeed he wrote four more without delay. The hero is significantly named Kenneth Talley Junior, though his father plays no part in the play. So many things refer back to earlier events in the family life that at the end of the first act we seem to have been living almost entirely in the past, despite the vigorous activity at the Talley place going on before us.

Kenneth is presented to us as a homosexual who has lost both his legs in Vietnam, yet he has a wife, June, and a daughter, Shirley, aged anything between 13 and 20 according to her mood. Staying with the Talleys are their long-time friends John Landis and his rich, flamboyant wife Gwen. They and Kenneth and June had been an inseparable quartet at Berkeley, and what passed between them in earlier days is recollected as relevant to current events. Old Aunt Sally once had an emotional moment in the old boathouse that led to her unpopular marriage with Jewish Max Friedman; but Max is dead before the play begins and the question where to deposit his ashes is one of the minor concerns of the play—a concern that has been going on year after year.

The main concern is John's wish to buy the old Talley house (prettily designed, inside in Act I, outside in Act 2, by Trevor Coe) and make it into a recording studio. Gwen, who owns a profitable copper business, believes she may become a successful singer; she has made a demo tape at Nashville, but found the strain of recording too much for her. However, Kenneth's lover, Jed, a talented gardener, wants to grow a reproduction of the gardens at Sissinghurst, and there is also talk of Kenneth's resuming his old profession of teaching. A rather uncommunicative singer, Wes, mostly sits at the side of the stage with his guitar, but blossoms out with what he says is an Eskimo folk tale.

A climax comes when John, who has been making telephone calls all day, makes a final offer for the estate, and Sally, revealing how much Max had left her, outbids him. This doesn't matter, as it happens, for at the same moment we learn that Gwen's demo tape has been bought by Columbia. Everyone is able to settle down in the most peaceable way, though Shirley is left with plenty of potential in her.

I found the play too fictional in style, as though an effort had been made to stuff the whole of a novel into two and a half hours. But it is full of well observed, foul-mouthed American domestic talk that provides generous parts for the players. Kenneth and Jed (Garrick Hagon and Peter MacQueen) are least well off, both of them kept pretty reserved until the incident where John pushes Kenneth back off his crutches and Jed goes for him with a garden tool. There are good shouting performances by Vincent Marzello and Jenny Lee as John and Gwen, a convincing portrait of the burnt out militant June (who wears a tee shirt emblazoned Women Fight Back) by Elizabeth Richardson, and a sympathetic one of Sally by Jill Graham. I was bewildered by Sophie Thompson's Shirley, who seemed neither 13 nor 20 but a good deal more; but I suspect this is the author's doing. Sue Wilson is the director.

Franz Welser-Möst/Festival Hall

Max Loppert

Franz Welser-Möst, the young Austrian conductor, last year came to the aid of the London Philharmonic Orchestra by stepping in for an ailing Jesus Lopez-Cobos at the last minute. The good impression he made at the time was rewarded with a return invitation — and, fulfilling it on Tuesday at the Festival Hall, Mr Welser-Möst showed that the previous LPO concert experience had been no fluke. He cuts a neat, wiry figure on the platform—the gestures are energetically pointful, and evidently communicate good musical sense. A programme containing the Schubert C minor Symphony and the Mozart C minor Mass (K427) made that plain.

Schubert's Fourth, titled "The Tragic," is a longwinded early sample of the composer's symphonic gifts, with melodies disconcertingly less memorable than those of Nos 3 and 5, and harmonic sequences sometimes more curious than organically inevitable. But at least the general manner of the movements, particularly the storm-tossed outer ones with their flashing *sforzando* accents, invites a conductor's involvement — or, too often, his over-assertiveness. After a slightly nervous, inexact start, Mr Welser-Möst and the LPO soon hit on precisely the right manner for the music. Articulation was keen, not over-emphatic; there was a kind of "listening" altertness in the balance of parts; the paragraphs moved forward without being hustled.

For the Mozart Mass the conductor used an orchestra of chamber size (as he had in Schubert), but slightly compromised the effect by summoning the full ranks of the LP Choir (women in good, bright voice, some passingly elderly sounds from the lower males). In Mozart, as previously in Schubert, I admired his ability to obtain an unflaggingly vigorous, clean attack from the strings—the repeated figuration upon which several of Mozart's grander choral movements are built never drooped or became mechanical.

The bright, springy effect of the performance was rather more seriously compromised by the leading soloist. As the originally scheduled second soprano took ill at a late stage, the first, Edith Wiens, took on "Laudamus te" as well as her own inordinately ornate solo movements (leaving the replacement, Eirian James, with only the concerted numbers). Miss Wiens is a distinctive confident soprano with a voice whose "manufactured" production inclines her to an array of artful back-of-the-throat effects (and some shrill or fluttery ones at full volume). The feeling of interpretative *appliqué*, of Mozartian sugar icing, was hard to resist or ignore, and contradicted the musical character so firmly estabished by the conductor.

Cannibal/Croydon Warehouse

Claire Armitstead

The second show is always a testing one for a new company, sorting out flash-in-the-pan achievers from those with a longer-lasting gleam. After their success with *Cock-and-Bull Story* nearly two years ago, the duo who comprise Ratskins Theatre Company must be as aware as anyone of the expectations that are focused upon them at Croydon's Warehouse Theatre.

And on balance Richards Crowe and Zajdlic acquit themselves well with *Cannibal*, a two-hander developed through improvisation which brings them back to the stage as Mark and Gary, brothers locked in a pernicious cycle of affection, anger and abuse, whose bedsit world is thronged with wayward emotions.

Gary is a 25-year-old delinquent on parole for assault, who has arrived at his brother's lodgings at some point shortly before the play begins because he has nowhere else to go. About Mark we know less: cast as lord bountiful, he provides money, shelter, a job and even a girl for his inadequate sibling who appears incapable of even the basic honour that is supposed to exist between thieves.

Just who is deceiving whom is an issue that becomes increasingly teasing as the drama unfolds into a bizarre, improbable whodunnit. The achievement of the actors is that they manage to contain this improbability within a framework of suppressed violence that has a ring, however distant, of truth.

Avoiding the temptation of racing each other off the decibel ratings, they explore the punctured rhythms of ingrown distress with a sideline in dry humour. Richard Zajdlic, as Mark, exudes a quiet humanity; Richard Crowe, as Gary, captures the intense impassiveness of a man with nowhere to run. I would have liked to know a little more about the brothers' background, and there were times when a director's eye might have come in useful, but there were certainly few dull moments.

"4 Prientres Viva" in London

At the 5 Dryden Street Gallery, WC2 until February 13 is the first showing of paintings produced by four London artists working in co-operation and calling themselves 4 Prientres Viva.

For over a year Nigel Newby, Hilary Garner, Andrew Thomason and Peter White have been exploring the possibilities of this collaborative process and they now feel that some of the results deserve a public showing. As well as joint works the show at Dryden Street contains their own individual work.

The four are also showing later this year at The Barbican Centre, London (in August), Jersey Arts Council Gallery and other venues to be finalised.

Owen Wingrave/Lucerne

Andrew Clark

Since his move to Switzerland four years ago, the Scottish conductor Roderick Brydon has been steadily consolidating his reputation in central Europe from a base at Lucerne, where his work over a wide repertory has proved a worthwhile endeavour. The finished result has often shown more spirit than polish, but the priorities of Brydon and the city theatre director, Philippe de Bros, have been in the right place, an impression crowned by a new production of *Owen Wingrave*. It is to be hoped that when both of them move to similar positions in Berne next season, they will be able to translate this sense of growing artistic momentum with fresh appeal.

Such a brilliantly-executed and thought-provoking staging of *Owen Wingrave* would not have been possible without Brydon's previous collaboration with the producer-designer team of François Rochaix and Jean-Claude Maret. Their work on Britten's television opera—hitherto staged outside Britain only in Santa Fé and Hanover—brushes aside all the red herrings about the work's problematical conception for the small screen, and supports the thesis that the composer knew all along its future would depend on live performance in the theatre. On this evidence, the opera is no less enthralling to hear and no more difficult to stage than *The Turn of the Screw*—which means difficult enough, but within the reach of any director willing to trust and get to grips with Britten's remarkably exact marriage of music and drama, of narrative and psychology.

The production's visual concentration and intensity developed as much from Rochaix's sense of stillness and grouping of singers—all sharply-defined acting performances—as from the intimacy of the theatre itself, perfectly suited to this work. Maret's costumes were in buttoned-up Victorian black, his decor a series of dark representational settings which met the challenge of the fast-moving tableaux, and provided sufficient context for the narrative. The Hyde Park scene was perhaps the best example of the staging's musicality and clear appeal to the imagination: there was no superficial division of the stage, but a simple mime of mock military heroics followed by the tragedy of death in battle.

The quality faltered only in the great Peace aria, the one place where the directness of the polemic justifies an arresting sense of isolation. Rochaix allowed it to pass in soft focus, and Brydon failed to capture the ethereal sensitivity of the music when the percussion orchestra leaves the world of militarism and proclaims the sound of a better world. Elsewhere Brydon brought his acute rhythmic and textural sense to bear on the score, articulating the violence in Britten's music in a way that underlined the comparative reticence of the composer's own performance.

The best contributions on stage came from Michel Brodard, who gave a finely-sung study of Owen, from Constanze Fee as Kate, and Niklaus Tüller and Charlotte Schaible as the Coyles. In an illuminating pre-performance talk, Donald Mitchell concluded that, for all the work's semblance of an open verdict (faithfully reflected by Rochaix), it reveals a fundamental pessimism in Britten's outlook. That effectively rules out the argument that there is a hidden link with the church parables, while the very unrelenting seriousness of *Owen Wingrave* is probably the main reason for its neglect as opera. Its revelation here as a masterwork was all the more ironic for taking place in a country where conscientious objectors are still imprisoned for refusing to do obligatory military service.

Festival Ballet in Hong Kong

The London Festival Ballet is visiting the Hong Kong Arts Festival for the first time this year, and will be performing Frederick Ashton's *Romeo and Juliet* to Prokofiev's score, until February 7.

French premieres/St John's, Smith Square

Andrew Clements

Ville d'Avray lies across the Seine from the Bois de Boulogne, was home at one time for both Yehudi Menuhin and Alfred Cortot, and is still proud of its musical traditions. In 1972 the municipality set up a music school, and from that grew the Atelier Musique de Ville d'Avray, an instrumental ensemble that divides its time between teaching and concert-giving. This paid its first visit to London on Tuesday night, for a programme of contemporary French pieces presented under the auspices of Lontano's concert series.

Most of the new French music played in London has been filtered in one way or another through the subterranean channels of IRCAM, and the opportunity to hear something of the composers not officially sanctioned was in itself welcome. But the results did not suggest that IRCAM's domination is depriving the international circuit of exciting, innovative composers. The quintet of Atelier musicians — piano, flute, clarinet, violin, cello — conducted by Jean-Louis Petit, played consistently with assurance and great competence, though inevitably with a certain dutiful insistence.

For only two of the six composers represented hinted at a clear, identifiable personality, and one of those, Gerard Grisey is already familiar here. His *Talea* was given its first performance last month, and at least creates from the fixed instrumentation a consistent and involving sound world. The many-layered tuttis one begins to recognise as a Grisey fingerprint are present here also, as well as the sense of an intelligence shaping the music on a large scale, even if the detailed structure and the relevance of the title, with its connotations of medieval music, are not graspable at a single hearing.

Allain Gaussin's spiky little *Eau-forte* also left a positive mark, rather in the fashion of some of Berio's *moti perpetui*, and at least had the merit of brevity: both Dino Castro's *Aube 3* and a piece by Petit himself, *La Clé de l'eau*, extended thin material across an over-generous timespan. There was a tendency to garrulousness also in Luis de Pablo's anodyne *Dibujos*, but more pungency in Charles Chaynes' *Lorsque Cécile chantait* (or possibly *Quand Cecila chantait*—the programme notes gave both, and were generally not to be relied upon), a memorial to Honegger inspired by a Claudel poem and driven by fierce, barely contained lyricism. Altogether, though, a depressing evening.

Saleroom/Antony Thorncroft

Architects rally round

The gliteratti of the architectural world were out in force at Christie's on Tuesday night, rallying round the Brunel Engineering Centre Trust. The Trust aims to restore Brunel's original station at Temple Meads in Bristol, the oldest surviving railway terminus in the world, back to its pristine glory of 1840.

The Tudor style station, with a hammerbeam roof inspired by Westminster Hall, was, until recently, used as a car park; but the Trust, with enthusiastic young workers from the Manpower Services Commission, is well on the way to completing the re-building, and converting the station to a major arts and educational centre.

Architects had contributed drawings to the auction, which raised £30,000, but the top price of £3,500 was paid for an acrylic on canvas by the artist Ben Johnson. It depicts a lamp, the "Uplighter," designed by John McAslan of the architects Troughton McAslan and exhibited at the RA's Summer Exhibition last year where it won an award for design excellence. The "Uplighter" gives even illumination in a room by directing light onto the ceiling. The painting was especially commissioned for this auction.

Robert Venturi's preliminary elevational study for the Gordon Wu Hall at Princeton University sold for £1,000 while Quinlan Terry's design for a new house at Peacock Point on Long Island made £750. The front elevation of the Isle of Dogs Pumping Station by John Outram fetched the same sum. The building, which has no windows and will be unmanned, should be completed this autumn.

Colonel Seifert, not a known lover of the aesthetic, gave four sketches of his buildings which totalled over £1,000 while Laurence Whistler's sketch for new iron gates at St Hugh's Oxford sold for £240 and John Ward's view of All Souls gateway in Oxford realised £380. Sir Denys Lasdun gave his design for the South Bank Bubble, the proposed landing stage and bar on the Thames close to his National Theatre; it was bought for £150.

Norman Foster's designs for the proposed new BBC headquarters at Portland Place may have come to naught but two preliminary sketches he made in the early stages of the commission, including one of All Souls', Langham Place, went for £280 and £200. The only lot which failed to find a buyer was Paul Hogarth's watercolour of a turn-of-the-century pumping station on Majorca which was bought in at £350.

Tate Gallery appeal boosted

The National Heritage Fund has announced that it will add another £500,000 to the £1m it has promised to the Tate Gallery in its efforts to acquire *The Opening of Waterloo Bridge* by Constable — if the Tate manages to raise a matching sum through its own appeal, launched this week.

This greatly improves the chances of keeping the painting in the UK. It is being offered to the Tate for £2,945,650, and, with contributions from the Heritage Fund, the NACF, its Friends and its own purchasing grant, the Tate will, with the latest contribution by the Heritage Fund, need to raise just over £500,000 by April 10 to add this important late work to its collection.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 30–Feb 5

Exhibitions

WEST GERMANY

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.;

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Munich, Lenbachhaus, Luisenstrasse 33: Franz von Lenbach (1836-1904). The painter had himself built a Palast in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1925. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays 180 pictures and paintings in several rooms. Lenbach, celebrated above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

ITALY

Florence: Palazzo Pitti: The theatrical costumier Umberto Tirelli's fine collection of costumes dating from the eighteenth century to the present recently donated to the Pitti's Museum of Costume, particularly striking are the gorgeously embroidered men's jackets from the 1700s. Also includes a section of the costumes made in the Tirelli workshops for productions by Luchino Visconti, Luca Ronconi, Franco Zeffirelli and Pier Paolo Pasolini with photographs taken on stage. Ends March 8.

Rome: Museo Napoleonico: (Piazza di Ponte Umberto 1): The Guillotine, fascinating, but gruesome exhibition, illustrating the history and use of the guillotine via a series of engravings and watercolours from the Museo Carnavalet and the Biblioteca Nazionale in Paris. Dr Luisi Guillotin is exonerated for its invention, (being merely the promoter of a law which extended its use – as being more humane – to all, not merely noble, prisoners). Numerous engravings show the beheading of Louis the Sixteenth. Also included is the drawing by David of the cropped-headed Marie-Antoinette on her way to the scaffold. Ends Feb 8.

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

Rome: Galleria Nazionale di Arte Antica: (Palazzo Barberini, via delle Quattro Fontane): Works by Caravaggio, normally spread throughout various museums and churches in Rome (mainly from the Villa Borghese, which houses the largest number) with a handful of paintings of doubtful attribution. Ends Feb 28.

PARIS

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries Gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, *objets d'art* and photographs from the end of the romantic period to the beginnings of modern art and the impressionist and Post-Impressionist collections formerly in the Jeu de Paume. Here they are counterbalanced by academic painters, their contemporaries, long derided for their pomposity.

The sculptures come into their own in the immensity of the nave, at the end of which is a large-scale model of the opera and its district below glass tiles. The view of Paris from the terraces is an additional delight. Musée d'Orsay, Entrance 1, rue de Bellechasse (4549 4814). Closed Mon.

France and Russia in the Century of Enlightenment: A didactic exhibition of 600 paintings, sculptures, objets d'art and rare manuscripts shows how cultural contacts between the two countries, practically unaware of each other at the beginning of the 18th century, grew to a constant flow of ideas and works of art by the end of it. The exchanges, begun by Peter the Great, became ever more intense under Catherine II who was fascinated by French philosophers and French aristocracy's art de vivre. Grand Palais (4289 5410), closed Tue. Ends Feb 8.

SPAIN

Madrid, Modern American printmaking, original engravings by 18 US painters showing the resurgence and impact of printmaking in the States. Since the 50s many workshops have contributed to the proliferation of quality works on paper, this show represents the different aspects. Audrey Flack's Fotorealism, Steven Sorman's abstract nonfigurism or Kenneth Hale's Post-Modernism are shown. Achna. San Bernardo 107. Ends Feb 5.

Barcelona, Edvard Munch (1863-1944): 165 lithos, drawings and his influential graphics of his large output period. Emphasis is his preoccupation with themes of life and death (friezes of life). Fundacion la Caixa, Passeig San Joan 103. Ends March 22.

Madrid, Ben Nicholson (1894-1982): English abstract painter who kept to his idioms with remarkable constancy. His paintings and reliefs are geometrically inspired and derive from the austerer forms of cubism. His abstracts remained unvarying until well after the Second World War, producing monochrome reliefs that relied for their effect on the interplay of finely related surfaces. Sixty-six works on loan by the Tate Gallery, the Moma and Guggenheim, the Kunsthaus and Phillips collection, mostly from 1919-1931. Fundacion Juan March, Castello 77. Ends March 29.

NETHERLANDS

Amsterdam, Van Gogh Museum. The seven Van Gogh sketchbooks have now been reconstructed and are on display for the first time, with the associated drawings and paintings. Ends Feb 8.

NEW YORK

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

Museum of Modern Art: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs starts its American tour showing the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends March 24.

Metropolitan Museum of Art: The Prints of Pieter Bruegel with over 65 works consists primarily of engravings made in Antwerp in the 1560s after Bruegel paintings, but also includes the only woodblock with a Bruegel drawing on it. Ends March 15.

CHICAGO

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

TOKYO

Edo Paintings and Noh Costumes: 22 exquisite works in delightful small museum, part of Okura Hotel. Okura Shukokan Museum. Ends Feb 22. Closed Mondays.

Hokusai Landscapes from The Boston Museum Collection: 100 prints from the 18th century artist Katsushika Hokusai. Tobacco and Salt Museum, Harajuku, set in Tokyo's most fashionable street, a weekend itinerary could also take in the Meiji shrine and gardens, bamboo-shoot street dancers and refreshments at any of the wide variety of elegant cafes. Ends Feb. 8. Closed Mondays.

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Thursday February 5 1987

A bill about freedom

TOMORROW PARLIAMENT will have a chance to take a step of historic importance: whether it will take it and incorporate the European Convention on Human Rights into UK law, so that UK judges rather than those in Strasbourg should become its guardians, is very much in the balance, in spite of the support voiced so clearly by Lord Hailsham, the Lord Chancellor.

The immediate benefit from passing the Human Rights Bill, a private member's bill introduced by Sir Edward Gardner, Conservative MP for Fylde, would be the transfer of most of the human rights litigation from Strasbourg to UK courts. Even greater benefits could be expected to ensue from the power which the bill would give to judges to rule out any act by government, or any person holding public office, which would infringe the fundamental rights of people within the jurisdiction of the UK, even if such an act was authorised by previous legislation.

These fundamental rights are nothing new, being embodied in common law, court procedure, parliamentary and extra-parliamentary traditions. Indeed, the English concept of "fair play" became a part of the international vocabulary. However, the enactment of fundamental rights, clearly spelled out, would provide an explicit guideline and framework of reference to a country coping with rapid social change and the influx of foreign cultures and where the record of civil liberties has become less than excellent.

Parliament supreme

One of the major objections to enactment has been the fear, at one time expressed by Mrs Margaret Thatcher, the Prime Minister, that it could erode the supremacy of Parliament. Though similar constitutional provisions in other countries can as a rule be removed or suspended only by a qualified majority of the legislature and the courts can invalidate laws which are incompatible with the "fundamental law," the Human Rights Bill now before Parliament does not go so far.

Parliament's supremacy would remain intact. It is proposed that statutes adopted after the enactment of the Human Rights Bill would have to be interpreted, as far as possible, in conformity with it, but when the conclusion is unavoidable that Parliament intended to authorise or require acts incompatible with the fundamental rights, its will would have to be respected. Some might regret that the legislative oscillations produced by the British political system will not be moderated by the requirement of a qualified majority for such overriding acts of parliament, but such a maximalist objective seems premature. Neither politicians nor judges are ready for a system which, in the US and Germany, for example, subjects the constitutionality of current legislation to the scrutiny of the courts.

Another argument against the bill, voiced recently by Lord McCluskey in his Reith lectures, is that it would bring to an end the present system of allowing judges to proceed "with mathematical precision," without making any policy decision, interpreting statutes drafted with a wealth of pedantic detail. One can only wish that Lord McCluskey's fear will prove justified. The surfeit of detail makes statutes obscure to legislators and judges, not to speak of the ordinary citizen. Attempts to decypher such statutes with soulless mathematical precision lead judges to absurd decisions which they hand down only with the "greatest regret."

Obscure statutes

The influx of Community law has already obliged UK courts to become familiar with another less literal approach, paying greater respect to the legislators' intent and the place of a particular statute within the system of laws: a bill of rights would help to make that approach better understood.

Human rights are not only about repression by police and prison authorities. The law can also be abused in civil and business cases by applying specific and often technical provisions out of all proportion to the law's purpose: for example, punishing the policy holder for the insurer's lack of authorisation. If a bill of rights could encourage courts to look not only for a "mathematical" solution, but for one which is in harmony with fundamental principles of fairness and justice, and make legislation more intelligible and, therefore, more certain, there would be much to be thankful for.

The progress of the bill depends on sufficient MPs who are broadly sympathetic bothering to turn up in the House of Commons tomorrow.

Rules for the US financial system

CENTRAL BANKERS traditionally feel a need to exercise a restraining influence on events. Not so, it seems, Mr Gerald Corrigan, President of the Federal Reserve Bank of New York, who has advanced a radical blueprint for the American finacial system in an essay which is to appear in the Bank's annual report this month.

In a refreshingly direct analysis of recent changes in the US financial structure, Mr Corrigan advocates the elimination, over the long term, of most of the existing barriers to financial conglomeration, including the Glass-Steagal Act's distinction between commercial and investment banking. He calls for a clear dividing line between commerce and banking, which would require the big retailers, automobile companies and others to halt or reverse the inroads they have made into the financial sector. And he highlights the need for urgent reform in the dollar payments system, where either a mechanical failure or a liquidity problem could spark off a worldwide chain reaction.

This would amount to a major overhaul of the system, in which the thrust of regulation would focus on the functions performed by individual institutions instead of on the institutions themselves. Yet a major overhaul is needed if prudential supervision is to catch up with changes in the market place.

Permanent loss

Mr Corrigan is surely right to assume that the distinction between the banking system and the securities markets will remain blurred. The decline in the credit status of the banks in relation to the customers, which makes it cheaper for big corporations to borrow direct from the markets, may prove temporary; but the loss of the banks' monopoly of information about their big customers in the wake of the electronic revolution, together with the internationalisation of the financial system, is permanent.

Moreover, differences in supervisory, tax, accounting and regulatory treatment of different types of institution, both domestically and internationally, are now more open to exploitation as financial innovation seeks out anomalies and loopholes. The system is also being weakened by a belief that the public safety net associated with banking and finance will be extended to many of those who have acted irresponsibly.

The interesting question is where to draw the line in the face of the powerful market impetus towards conglomeration. Mr Corrigan is content to sec all the main components of the existing financial services business—banks, savings and loan associations, securities firms and insurance companies—brought together under one umbrella. The result would be that individual firms would choose where they fell on the financial landscape, instead of being subject to chance or historical accident. The component parts would be supervised much as before.

Poor reward

In contrast, commercial corporations would be kept away from the more sensitive parts of the financial system on grounds of conflicts of interest, unfair competition, concentration of economic power and the increased scope for breach of fiduciary duty. Difficulties are also envisaged in supervising selective parts of the overall corporate entity.

Retailers like Sears Roebuck, which would be forced to divest some of their financial interests if these proposals found their way into legislation, might well argue that this amounts to a poor reward for bringing fresh capital to the financial sector. Or, indeed, that the challenge posed to the supervisors by the risk of cross-infection between the components of a financial conglomerate is far greater than the chalienge of ensuring capital adequacy where the ultimate parent of a financial business is a commercial or industrial company. The extent to which non-bankers have contributed to financial innovation over the course of history also raises a question about the wisdom of such barriers to entry.

The debate will no doubt rage on these and other issues. But Mr Corrigan has performed a valuable service by providing a framework for discussion that goes beyond the narrow perspective of the powerful interest groups concerned—and by proposing that regulatory reform should take place within an international context.

FRENCH TELEVISION

Now showing: plus ca change

Paul Betts and **Raymond Snoddy** disentangle the Dallas-style battle for control of the channels

THE BATTLE for control of French television, now about to reach its long-awaited climax, has all the ingredients of a good soap opera.

It is a tale of political intrigue with a peculiarly Gallic flavour. Against the backdrop of the highly excitable yet insular world of French television, a star-studded cast, drawn from the world of big business and politics, has been acting out a drama of political gerrymandering and corporate struggle worthy of Dallas or Dynasty.

After months of behind the scenes manoeuvring, the future of TF-1, the state television network to be privatised next month, and of the country's two private television channels is about to be decided. Later this month, the newly set up French communications authority, the Commission Nationale de la Communication et des Libertes (CNCL) is expected to allocate the country's existing television franchises to new operators. Pricing of TF-1 is likely to take place in the next few days.

The struggle for TF-1, the flagship of French state television, has brought out some of the biggest names, not only in media and publishing, but also in industry. Mr Francis Bouygues, head of the country's largest construction group, has taken his flagging campaign for TF-1 to the newspapers, purchasing a full page advertisement in the daily press. Much more likely to succeed is Mr Jean-Luc Lagardere, chairman of Hachette, France's leading publishing group, and of the Matra defence and electronics conglomerate, which has struck a deal with Havas, the state-controlled media and advertising group (also due for privatisation) to bid jointly for management control of TF-1.

Sir James Goldsmith, who like Hachette has ambitions to create a European multi-media group, is not to be left out of the line-up—similarly, Mr Bernard Tapie, who has made a fortune from acquiring bankrupt companies, and the Compagne Luxembourgeoise de Telediffusion (CLT) which owns Radio-Television Luxembourg, the major private European network.

Moet-Hennessy, the vulnerable champagne and cognac house, has also shown its ambition to branch out into the deregulated broadcasting sector. And although he has dropped out of the race for TF-1, Mr Robert Hersant, the right-wing press baron who publishes "le Figaro" and heads France's largest newspaper empire has set his sights on 'La Cinq," the private fifth channel. La Cinq is now operated by Italian media magnate Silvio Berlusconi and Mr Jerome Seydoux, a member of one of France's richest families, the Schlumbergers, and chairman of the Chargeurs transport and communications group.

Theoretically, it is the new supervisory body, the CNCL, modelled on the US Federal Communications Commission, and the French culture and communications ministry which are in charge of the privatisation of TF-1, as well as the allocation of licences to operate the fifth channel and a private music station, known as the sixth channel.

But the real action over the past few weeks has taken place in the corridors and smoke-filled offices of the Hotel Matignon, headquarters of Mr Jacques Chirac, the Prime Minister.

The Government's programme of broadcasting reform has provoked a storm on both left and right. Mr Francois Leotard, the culture minister with presidential ambitions who launched this effort with great fanfare after last March's election victory for Chirac, has been at the centre of the controversy. Predictably, the left has denounced the reforms, while various right wing factions in the legislature have forced important amendments to the media law in the interests of safeguarding French culture and film-making.

The Socialists want a special parliamentary commission to privatisation of TF-1. They have said they would renationalise the channel if they returned to power.

All this points to the enormous influence the national television networks, especially TF-1 and its main rival Antenne 2, have had in France. Although they have become increasingly independent politically, they nonetheless remain heavily controlled by the Governments in office.

After 1968, a purge took place in the networks as the Government eliminated journalists and television personalities who had adopted too critical a view or played an active role in the May upheavals. "Since then, the journalists and broadcasters have become gradually more independent, but not as independent as they may think," says a former senior network official.

Heads of channels and key services, like the 8 o'clock evening news, are still invariably dismissed when the government changes.

So the stakes in the current battle are high for all concerned. For the Chirac administration, the controversial decision to privatise the first channel, the country's oldest and largest television network, which claims 40 per cent of the national audience, has great symbolic significance. The government could have picked one of the two other national television networks — Antenne 2 or FR 3—to privatise; but that would not have sent the same signals about the seriousness of its commitment to competition and free market policies.

Broadcasting reform has not been the sole preserve of the right however. It was the Socialist government of President Francois Mitterrand which took the first steps towards deregulating the industry, launching an ambitious cable programme and setting up the country's first private television channels and Europe's first pay television network, Canal Plus.

Yet beneath the reformist intentions of the Socialists, the right—then in opposition—detected the operation of the classic patronage system, which has long governed the allocation of media power. For the right, the president's move, presented as an attempt to modernise broadcasting and increase competition, was a transparent effort to ensure the existence of channels sympathetic to the left after the Socialists expected defeat in the elections. The left knew it could not prevent the spoils system from delivering control of the public channels into the hands of the right wing majority when it took power—but it hoped to maintain a voice in the media world through the private channels.

Nonetheless, the private networks themselves were soon to fall prey to the spoils system.

As soon as the right returned to power, it cancelled the operating concessions granted by the Socialists for the fifth and sixth channels, as well as for channels on France's direct broadcasting satellite service aimed at the West European market.

Although both the fifth and sixth channels have so far provided only negligible comtition for the state channels in terms of viewing audiences and advertising revenues, their longer-term profit potential is believed to be significant.

The arrival of the private networks has increased pressure on state television to enhance the quality and appeal of its programmes. The state channels are showing more feature films in an effort to compete with the private networks and the Canal Plus pay channel. After a shaky start in 1984, Canal Plus has proved a commercial success, helped by the screening of soft and not-so-soft porn, with subscriptions rising above the 1.6m mark.

For its part, TF-1 has launched a highly popular weekly political satire and comedy show, "Cocoricoboy," which depicts politicians as muppets and features a topless playmate once a week — all at prime viewing time.

While the operators of the two private networks have filed claims for compensation for the loss of the franchise, they have also been trying to put together applications and negotiations with other partners to try to maintain a foothold in the sector.

Indeed, Mr Berlusconi is believed to have had talks with Mr Hersant, who after initially showing interest in TF-1 has focused his ambitions on the fifth channel. An alliance between Mr Hersant and Mr Berlusconi, with possibly Sir James Goldsmith joining the team, now appears to be the front-runner to take over the fifth channel.

But it has been the imminent privatisation of TF-1 and the battle for control of the state network which has captured the headlines and provoked political passions excessive even by French standards. Mr Jack Lang, former French culture minister, has compared the privatisation of TF-1 to the sale of the Palace of Versailles.

The first channel is a public institution in France. Although a few years ago it suffered a decline in ratings at the expense of its aggressive rival Antenne-2, it has been picking up audiences under the management of its president Mr Herve Bourges. Appointed by President Mitterrand, he is expected to be replaced after the sale of the channel.

The network airs a combination of middle-brow and popular programmes and its news services have been revamped to compete more effectively with Antenne-2's reputation as the premier news channel.

Like the other state channels, TF-1 has provoked the wrath of the new government, which believes it has not represented its reforms fairly. One particular TF-1 programme has been a longstanding bete noir of the right. Called "Droit de Reponse," it is a chat and discussion show led by Mr Michel Pollac's supporters have been vocative left-wing television personality.

Presidential elections, due next year, have further raised the stakes in the reform game. Traditionally, the state networks have devoted a large amount of broadcasting time to political broadcasts.

Although TF-1 has been losing money, the power and business potential of the network with its large chunk of the national audience, has clearly whetted the appetites of media groups as well as of leading enterprises, like Bouygues, in search of diversification.

TF-1 is expected to be valued by the privatisation commission this week at about FFr 4bn to FFr 4.5bn (£491m). The price will be announced by the broadcasting regulatory body CNCL, which will seek corporate applicants for 50 per cent of the network's shares. Forty per cent will go to individual investors with 10 per cent reserved for staff.

The Socialists have already said a FFr 4bn price tag would be a give-away, claiming the channel is worth at least FFr 10bn.

Instead, Mr Chirac has actively encouraged the Hachette-Havas bid for TF-1. Under this arrangement, Hachette would buy 25 per cent of the first channel while Havas would acquire 15 per cent.

Hachette and Havas may also be joined by other corporate investors. Granada Group in the UK, which also has a small stake in Canal Plus, has been talking to Hachette about the possibility of joining its consortium and Television South (TVS), the fast-growing ITV contractor for the South of England, is also interested in a stake of up to 5 per cent.

To the French public, all this deal-making suggests the battle for TF-1 and the other two private channels has been rigged from the start, a cynical attitude lent credibility a few weeks ago by one of the first major decisions of the CNCL. The supposedly independent 16 member commission appointed new chairmen to all the public television organisations — the three key posts all went to people closely associated with Mr Chirac's RPR party.

As long as the Government continues to control the allocation of broadcasting franchises, deregulation seems likely only to drive the tradition of political patronage underground — not reform it.

The first channel, oldest and largest of the three state-owned television networks to be privatised under the conservative government's reform. Its deficit was put at FFr160m in 1985, but the government expects it to fetch about FFr4bn.

Government has decided to keep the second channel in the public sector. It has long been regarded as both profitable and the most professionally run state network. It is now struggling to regain top ratings position from TF1.

A regional network which will remain for the time being under state control. It has the lowest ratings of the three state networks, but has sought to enhance its appeal by screening more feature films.

Europe's first pay TV channel, controlled by the Havas media and advertising group. It is regarded as "private" although Havas is controlled by the state. It specialises in films and sport.

France's first private commercial nationwide TV network: came on air last February. Criticised as the "spaghetti channel" it specialises in soaps, games and variety shows. It has recently started to become more popular.

Known as the "music channel." The previous Socialist government awarded the concession to operate this network to a group led by Gaumont, the French film production group. Mainly pop and rock

Men and Matters

Runners in the BBC stakes

The race for the director-generalship of the BBC is now hotting up with Ladbroke's playing their usual sharp-nosed role in the great decision of the nation.

In the first furlong, Brian Wenham, managing director of BBC Radio and the leading internal candidate is neck and neck with Jeremy Isaacs, chief executive of Channel 4 at 2-1; Michael Checkland, present deputy director general, is 9-2; John Tusa, managing director of BBC External Services, stands at 7-1; David Dimbleby, in from 10-1 to 8-1; Paul Fox, managing director of Yorkshire Television is paired with Michael Grade, director of programmes at BBC Television on 12-1. Sir Alastair Burnett of ITN is at 14-1, and 16-1 is offered against the rest—whoever they might be.

Ron Pollard of Ladbrokes, who admits the book is more fun than serious business, says that the money has really only been going on three candidates: Wenham, Isaacs and Dimbleby.

To save you throwing your money away it might be well to bear in mind the following. It is not even clear whether Jeremy Isaacs will apply. He has been seen frequently at the opera and at musical soirees recently and friends believe it is the chairmanship of the Royal Opera House he really wants when Sir Claus Moser retires in the summer.

Paul Fox and Michael Grade will not apply. Burnett could not afford to. The opportunity has come a bit too early for John Tusa, and Michael Checkland, the accountant, will probably be kept on to mind the shop as deputy, possibly with a pay rise and an expanded role.

Dimbleby is a strong runner but there could be a stewards' inquiry if it were thought he had been given too much of a start.

Which leaves Brian Wenham, who must be in with a chance —if he can only avoid appearing too clever by half.

But as Anthony Smith, director of the British Film Institute, warns, there was not the slightest hint last time in the public prints that three of the six on the short list had even applied.

Political move

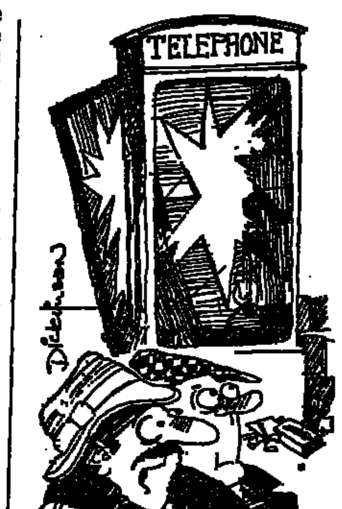
Mario Ramon Beteta's decision to step down as director of Pemex, Mexico's state oil monopoly, to become governor of the State of Mexico, has put the country's political pundits in a whirl.

Long one of the most powerful men in Mexico's political establishment, Beteta is now seen as a long-shot possibility for the presidential race in 1988.

Beteta is a close associate of President Miguel de la Madrid. He was de la Madrid's boss in the finance industry's public credit directorate in 1965 and served as finance minister with de la Madrid as his deputy ten years later. An imperious, dominating personality, Beteta was given thetough job of reordering Pemex's finances when de la Madrid became president in 1982.

Whatever his presidential ambitions—and his as yet unnamed successor at Pemex will undoubtedly come into that reckoning as well—Beteta's new post will assure him of a key political role well into Mexico's next administration. The six-year governor's term will end in 1993.

As director of Pemex, Beteta has ben in constant combat with the monopoly's powerful and notoriously corupt union. If that fight had a clear victor, it was not Beteta but Joaquin Hernandez Galicia, the union's boss. Hernandez is now urging the government to give the Pemex job to an "authentic oil man"—a diosparaging reference to Beteteas background as a quintessential technocrat.



"Where the union and Telecom management hold their meetings I suppose"

Late show

Soviet television viewers, excited by last month's series of four films about the Russian revolution, which portrayed Lenin as a human being than the idealised hero usually served up, have a lowly archivist to thank.

The films, called "Additional features to the portrait of Lenin" and based on scripts by Mikhail Shatrov, now secretary of the Soviet writers' union, were made in 1967 and 1968—and immediately banned.

So great was officialdom's horror at the picture of the Soviet leader struggling with problems and having doubts, that all copies were ordered to be destroyed.

Luckily, the archivist preserved one print; and it is this that has been brought to light 20 years later under Gorbachev's more relaxed regime.

Yet another first in these films is that Lenin is shown surrounded not only by fellow revolutionaries but also by full-blooded opponents.

Shatrov's latest play, "War or Peace," meanwhile, is due to be staged soon in a Moscow theatre, bringing to the stage such characters as Bukharin and Trotsky, long absent from public view in the Soviet Union.

Acquired taste

The leading financial and industrial news data bank in Japan contains six references to Guinness. Most of them are about people aged over 100. None of them deal with the current scandal over attempts to prop up the drinks company's share price.

To the Japanese, Guinness is a name that has to do with the Book of Records—no drink. The leading Japanese national newspapers have devoted only a few brief paragraphs to the scandal that has rocked Britain, concentrating on the fact that the chairman was forced to resign.

Even if the subject had been given more generous treatment the average Japanese reader might have had difficulty understanding it. Insider trading and share price manipulation are everyday practices in Japanese stock markets.

However, seasoned Japanese bankers and stockbrokers, familiar with the customs in London and New York, appear to have been following the story closely.

It comes up frequently in social encounters, usually as a subject worthy merely of detached amusement.

But one Japanese banker, recently returned from a London posting, said he was disttressed at what he felt was the excessive damage that had been done to Morgan Grenfell

Observer

Economic Viewpoint

The nearest thing to a boom in UK growth

By Samuel Brittan

CIVIL LIBERTIES have rightly displaced the economy as a topic of concern just when Britain is enjoying the nearest thing to a boom that it has experienced since the worldwide oil shock of 1973.

That is why the Chancellor has, I would guess, £4bn to divide between cutting taxes and reducing Public Sector Borrowing Requirement.

The best view of underlying trends is obtained by looking at movements through the year *rather than at the whole year-on-year* comparisons now in fashion.

The first estimates of real domestic product growth between the end of 1986 and 1987, due on February 18, will be revised at least 20 times in the months and years to come. Revisions have typically ranged from minus 0.6 per cent to plus 2.2 per cent. On average the final published growth rate is 0.8 per cent higher than the initial estimate.

Indeed whatever headlines initially appear, the final estimate for growth in the course of 1986 is likely to turn out at least 3 per cent; and 3½ per cent or more looks likely for 1987.

This is nearly two-and-a-half times the average growth rate achieved since the 1973 oil price explosion under either Labour or Conservative governments. Nevertheless, it would have been no more than par for the course in the Golden Age before 1973.

The rise in output, together with the demographic decline in labour force entry has been just sufficient to bring a slight decline in unemployment, after allowing for definitional changes and special measures.

Greenwells have estimated that there is an underlying unemployment fall of 10,000 a month, or half a percentage point a year. This is far from magnificent considering that it is associated with boom conditions, by definition better than average.

The evidence for a boom comes even more from demand and spending rather than output. Real consumer spending *rose by nearly 5 per cent in the* course of 1986. The main driving force was the rapid growth in personal incomes, which in its turn resulted from falls in oil and commodity prices.

The consumer credit boom further boosted consumer spending, and the personal savings ratio fell by about 1½ percentage points in 1986 to around 9 per cent.

Consumer spending was not the only source of rising real demand. Fixed capital formation was probably up by 2 to 3 per cent and government spending on goods rose by 1½ per cent. The most important measure of exports, "export volume *excluding* oil and erratic items" rose by 6 per cent in the last half of 1986, compared to the last half of the previous year.

Taking everything together, Goldman Sachs estimates that total real final expenditure rose by 4 per cent in the course of 1986. Output rose less of course because some of the increase in demand leaked into imports.

Nevertheless, of the main dangers to the UK recovery I would put the balance of payments lower down on the list than three others — the vulnerability of the world economy, the risk of a resurgence in British inflation and political pressure on sterling.

Indeed the most encouraging sign for the British economy has been a major improvement in international competitiveness. Sterling has fallen by 12½ per cent since December 1985. Even more relevant has been a fall of 22 per cent against the D-mark, as more than half Britain's trade is with *EEC-linked countries.*

Much less than usual of this depreciation has so far been eroded by higher unit costs. There are even the first slight signs of a deceleration in nominal earnings, which have been rising by 7½ per cent per annum solidly since 1983. Manufacturing productivity, which fluctuates erratically with output, has spurted upwards. Unit costs are now only 3 per cent above a year ago, and the estimates could be revised downwards — within spitting distance of the average of Britain's competitors.

Imports have indeed risen by more than exports — nearly 9 per cent in the second half of 1986 compared with the year before, again excluding erratics and oil. This was partly a reflection of the usual lag, known as the J curve, before depreciation improves the trade balance and partly a reflection of rising home demand.

There have of course been other influences on the balance of payments. The invisible balance improved over the same period by nearly £2bn at an annual rate, but the surplus on oil trade was slashed by more than £4bn.

Adding everything up, the recorded balance of payments swung from a surplus of £4.1bn per annum in the last half of 1985 to a deficit of £2bn in the last half of 1986.

There is, however, yet another statistical joker. This is the balancing item or "errors and omissions." This is conventionally placed in the capital account. It has been on an erratic but rising trend, and may now be running at £4bn to £5bn per annum.

If 4 per cent of the unrecorded credits in world trade (corresponding to about half of Britain's share in industrial trade) were attributed to the UK, the current account would be back in balance.

It is not, however, the exact size or even sign of the current balance that matters.

World capital markets are short of creditworthy borrowers and can easily finance many times over any deficit that occurs in 1987 after a long series of surpluses. What matters is that the deterioration should be a temporary one of a J-curve kind and not the beginning of a long period of net international borrowing to finance current consumption.

The main failure of economic policy in 1986 was the inability to consolidate the dip in inflation to 2½ per cent in the middle of the year, reflecting falling oil and commodity prices. The Treasury may well revise upwards its 1987 inflation forecast. Inflation is likely to touch 4 to 5 per cent some time this year.

The most important condition required to prevent an inflationary take-off is the same as that required on the balance of payments front. It is to stabilise sterling so that competitiveness is maintained, but a fresh inflationary impulse is avoided. The recent weakness of sterling against the D-Mark is worrying, for the stability of the sterling index has only been maintained because of the rise against the dollar.

The next most important, and related, condition is to maintain wage restraint despite a continued upturn in non-oil profits. Industry would be likely to respond more vigorously to present competitive advantage and restrain pay increases (a) if it were convinced that sterling had reached bottom, but (b) it would not be allowed to soar upwards again.

The two conditions together make up a strong pragmatic case for joining the European Monetary System, which most observers believe likely after the election. But there is still a human obstacle to overcome.

Moreover, the latest EMS readjustment shows that EMS membership is not a sufficient definition of sterling policy. The effect on inflation would depend on whether it was thought sterling would stick with the D-Mark, go with the Community average, or move with the French franc. But even the latter course would be less inflationary than staying out altogether.

The most important economic aspect of the coming election is that a Labour recovery in the polls could, if it was expected to last, push sterling lower still, despite the very high level of short-term interest rates (11 per cent nominal, 7 per cent real) that now protects it.

The furore following the 3 am Special Branch raids will probably do more damage to the Government than the much overplayed "City scandals." Recent events have thus strengthened my view that an early election is improbable.

It is still likely that the Conservatives will be the largest single party. But it is far from certain whether they will have an absolute majority. In the latter case a second election within one or two years is nearly inevitable. It is only after a second election that electoral reform, or a major role for the Alliance, becomes a feasible option. Until then the markets still need to worry.

There are two far more important issues than the conjecture over the election. They are:

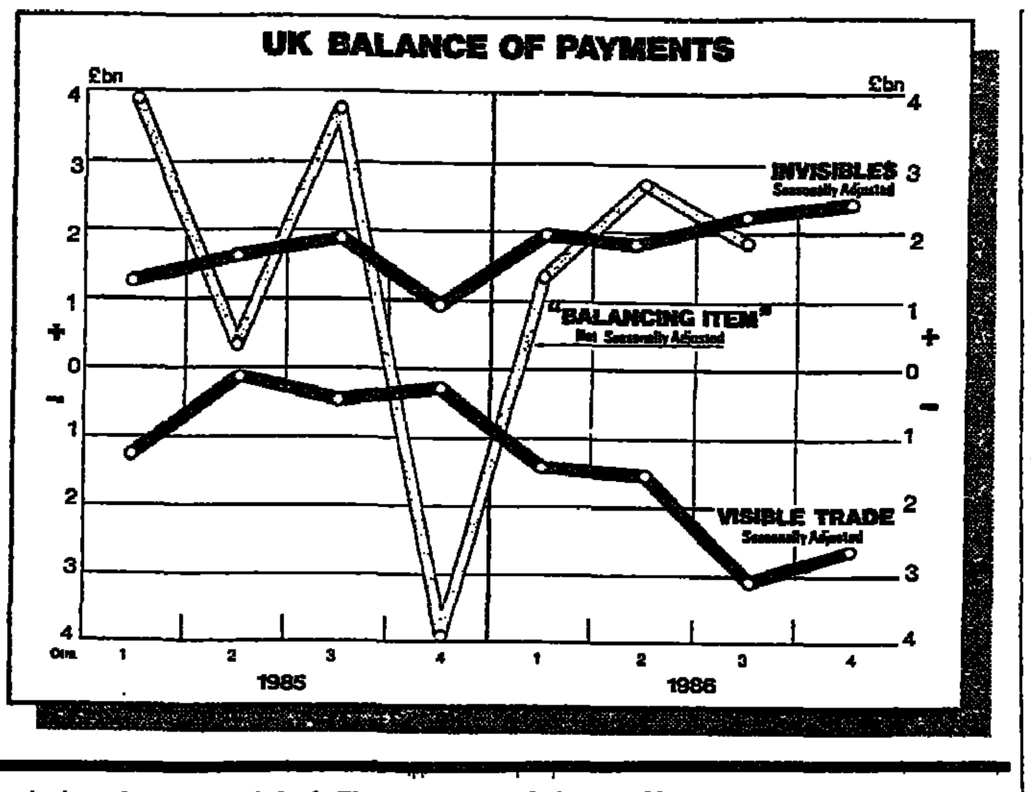
- The insider-outsider problems. Management and unions collude to pay high pay increases to those already employed. Even if these are offset by productivity, it is at the expense of jobs for the unemployed or the young.
- The regional gap. Workers in the north, the west and the Midlands are inhibited from taking jobs in the south by soaring housing costs.

On the other hand rigid wage structures, determined by collective bargaining, prevent pay rates from reflecting regional supply and demand differentials. Thus jobs do not move to where workers are.

Faced with these questions the so called "Budget judgment" fades into insignificance. The main arguments against tax cuts and for reducing the PSBR are: (a) the general principle of cyclical adjustment and built-in *stabilisers* and (b) the specific case for a brake on the *growth of nominal demand* and thus relieving balance of payments and inflationary anxieties at the present time.

The case for sticking near to the published PSBR projection —and for either cutting taxes or increasing some public expenditure—is that a period of above-trend *growth* is required to reduce unemployment. This is an argument we have heard many times before. Expansionary policies, which do not contain a nominal safety catch have a tendency to crash.

Personally, I shall be judging the Budget by micro and distributional rather than macro considerations. If all the concessions relate to plans such as Profit Related Pay, the long-term unemployed and *selective* help for the low paid, I shall not worry about the PSBR. If on the other hand the emphasis is on basic rate cuts or thresholds, then every penny of the cuts will be too much.



Lombard

Doctors in trouble

By Joe Rogaly

Whatever else you may think about the Health Service, the number of doctors is growing. In fact it is growing so quickly that we may face a glut of doctors in the 1990s; meanwhile there is the immediate problem of being fair to the Asian and other non-white doctors we imported in their thousands when there was a shortage of home-grown practitioners.

Let's look at that potential glut first. If you take a long run at it, the figures are impressive. The number of doctors in general medical practice has risen by around 25 per cent since 1961 and this has offset even the increase in the elderly population, which demands more medical care. Thus the average number of patients per doctor fell from 2,250 in 1961 to 2,150 in 1981 (in spite of a sharp rise during the sixties).

Since then the fall has been more dramatic: to 2,010 in 1985, and probably just below 2,000 this year. There was a particularly sharp drop in 1982, as larger numbers of medical graduates came on the market. Something had to be done. At the Department of Health and Social Security some officials favoured a reduction in the intake of medical students.

The preferred solution was to turn off a quite different tap: the annual inflow of between 1,500 and 2,000 mainly Asian doctors. This is being achieved by means of administrative legerdemain. Nobody said, "doctors from Indian medical schools cannot come here any more as we have enough of our own," although that was what was intended.

Use was made, instead, of the requirement that doctors entering Britain from overseas must pass the Professional and Linguistic Assessment Board test set up by the General Medical Council, or fight their way through a stringent procedure for exemption. Since April 1985 a third hurdle has been added: the Home Office must be asked for permission to remain for up to four years for the purpose of undertaking postgraduate training in hospital.

After that the doctor must go back home unless he or she has a job at, say, consultant level, plus a sponsor who can demonstrate that no suitable British applicant is available.

A report just published* by the Commission for Racial Equality demonstrates that, so far, a British-born white, doctor has been *far* more likely to reach consultant status than a doctor from overseas.

Now most of the 13,000 or so foreign-born doctors currently practising in this country are Asian; less than one-twentieth are white. The CRE report indicates that four-fifths of them came here for postgraduate study, intending to return home and that the overwhelming majority now feel they are here to stay. They currently constitute some 27 per cent of hospital doctors. The proportion is falling, but the numbers are not.

The implication of the carefully-worded CRE report is that these doctors are not always fairly treated. They are to be found in the two least popular specialties — geriatrics and psychiatry. (The figures shown are for 1981, when 84 per cent of registrars in geriatrics were from overseas.) They are a tiny minority in the popular consultancies — particularly in general surgery. Although some 60 per cent have obtained their FRCS, MRCP and the like while studying here, they have to try more often for promotion.

Most strikingly, some 14 per cent of the white and 19 per cent of the overseas consultants who were asked said that it was "natural to discriminate." Half the non-white and 40 per cent of the white doctors asked felt that there was discrimination in the Health Service.

There are good answers to this. By and large the Asian doctors are younger than their British counterparts: promotion may yet come. The college of original study may count: why should it not? Although the report has countervailing arguments, it is understandable that patients may be concerned about linguistic ability — after all, some 45 per cent of overseas doctors speak a language other than English at home.

Yet none of this quite suffices to dispel the sense of unease aroused by the CRE document. We welcomed them when it suited us. Are we playing straight with them now?

**Overseas Doctors. A Research Study. Commission For Racial Equality, £1.*

Letters to the Editor

Performance measurement

From Mr P. Meins.

Sir, — While I have some sympathy with Mr Allison's other concerns (January 20) his *criticism of performance* measurement is, I suggest, slightly off target. The problem is not how or whether to measure performance but what to do with the figures when they have been calculated.

There is in my view some irresponsible advice in this area and a tendency for funds to engage in fruitless switching to the managers who happen to be currently the most successful, without systematic analysis of results or indeed a coherent strategy being developed in the first place. This may in turn encourage investment managers to adopt the short term outlook about which Mr Allison and many other commentators are now complaining.

Trustees of pension funds and other institutions need to set down clear objectives for their investment managers, over a sensible timescale, and ensure that the implications are fully considered and accepted by both the managers and themselves. Actual results should then be monitored against these objectives over the agreed timescale. The identification of risk is part of this process.

P. G. Meins,
(Director, Actuarial, Benefits Consultancy Services),
Coopers & Lybrand Associates,
Plumtree Court EC4.

Maximum local autonomy

From Mr A. McEvoy

Sir,—John Lloyd's presentation (January 26) of the present position of the Loyalist population of Northern Ireland is accurate, but his proposed remedy, the "Integration" idea of Robert McCartney's group, will not be adopted, for two reasons.

It would require the unilateral repudiation of the Anglo-Irish Agreement by the UK Government, thereby releasing the Irish Republic from all commitments to co-operate in the pacification of Northern Ireland. *More profoundly,* the sociology of Northern Ireland is so different from that of Great Britain that British self interest precludes it. Integration would merely re-establish for Northern Ireland the unsuccessful union of the pre-1921 UK. The fundamental constitutional presuppositions which give Great Britain stability do not exist in Northern Ireland: for example the crown and monarchy, representing national unity above party politics for Great Britain, is in Northern Ireland seen as an intensely partisan political, and even a sectarian, symbol. The risks of "integrating" such a mentality within the body politic of Great Britain are simply too great.

An alternative? Here in Switzerland cultural and confessional differences led to civil war in the 19th century, yet today the major confessions, further divided into three (four?) language blocs, live in harmony. That is achieved, not by denying diversity but by encouraging its expression through maximum local autonomy and civic responsibility. Those concerned with the future of Ireland (and not just its *Northern province)* could with advantage study this prototype.

A. J. McEvoy.
ICP 2,
Centre Universitaire,
1015 Lausanne,
Switzerland

Incentive schemes

From Mr L. Moss

Sir,—Mr P. Murray (February 2) is mistaken in his assertion that favourable tax treatment for share option schemes is limited to a subscription value of £100,000. The correct limit is four times PAYE earnings or £100,000 whichever is the greater. Tax-favoured options are indeed available up to four times earnings for the majority of participants: the latter limit is mainly applicable to participants not taxed under PAYE.

In fact Inland Revenue rules are significantly more generous than institutional guidelines. While the latter impose a four-times earnings limit on all options granted in a 10-year period, tax rules ignore options previously exercised. As tax relief is available for options if exercised three years from grant, tax-favoured options of as much as 16 times earnings could be granted in a 10-year period for a company in a *position to ignore institutional* guidelines.

Surely however the issue of which limit is "right" is less important than the question of what targets should be satisfied before options can be exercised? It is not so much a matter of motivating already well-motivated executives as relating reward to the delivery to shareholders of real value above and beyond inflationary and speculative share price increases. Burton should be commended for incorporating performance targets in its share option scheme, in marked contrast to most other British companies.

The real issue, however, that shareholders should be addressing is what level of prospective performance is already being rewarded by directors' current remuneration, and whether *performance targets are at a level* to provide sufficient additional shareholder value to justify the grant of further share options.

Leslie Moss.
Sibson/J & H,
195 Knightsbridge, SW7.

Exchange rate problems

From Mr J. Weiner.

Sir,—Mr Brittan (January 29) agrees that "floating exchange rates have been a disappointment to their protagonists." By extension they have confirmed the worst fears of their sceptics and critics. Mr Brittan concludes his discussion of the proposed alternative of target exchange rate zones by saying that we shall be riding for another fall if we attempt to try them without thinking through the underlying problems.

It is indeed high time—if not too late—to return to basics. Even if it is too late to avoid a damaging dollar crisis, reinforced to boot by overt protectionism, we must return to fundamentals in order to surmount it and progress beyond it. Anglo-American preparations for Bretton Woods in the war started long before victory was in sight!

The overriding issue I suggest, is the adjustment of *imbalances and not the problem* of exchange rates. We need a system for balancing the global books. Such a framework could resemble the outlines of the broad based clearing union proposed by Maynard Keynes at Bretton Woods as against the more narrowly based and capitalised stabilisation fund *which resulted in the original* IMF. Even so, let us not forget, in the words of Paul Bareau's distinguished Wincott Memorial Lecture of 1981 on "The disorder in world money" that "Bretton Woods Mark I gave the world between 1946 and 1971 25 golden years of reconstruction and unprecedented economic growth reconciled with a measure of dual stability of exchange rates and domestic prices which must fill us with nostalgic envy today."

There are lessons to be learned from the breakdown of Mark I and from the damaging instabilities which have followed. Is it not time to study these lessons and to prepare the ground for reforming the existing institutions on the lines of a Bretton Woods Mark II equipped to deal with the great changes which have taken place and are foreseeable in the future?

John M. Weiner.
Brunsgreen, St Leonards,
Nr Tring, Herts.

Personal equity

From the Administration Manager, PEP Division, Prudential Portfolio Managers.

Sir—Mr Scammell (January 29) compares the management charges of personal equity plans with their tax benefit and concludes from this there are no financial benefits to the basic rate taxpayer. We would argue that this does not do justice to the arrangements. Take for example product *which simply* wraps the PEP provision around a unit trust purchase. In this case a very direct comparison is possible between two competing savings products. The PEP version must win, albeit by a whisker, and should be bought therefore, since the tax witheld on the distribution by the unit trust is reclaimable within the PEP.

It is the capital growth that professional investment management can achieve that gives a PEP its added attraction. PEPs have opened the way for people, with a comparatively modest amount to invest, to have their money professionally managed at highly competitive rates. Over time we believe, and there is all the historic evidence to support the belief, that an equity based investment will beat a deposit. With tax relief, however small, the advantage is accentuated.

M H Dinning,
51-69, Ilford Hill,
Ilford, Essex.

How not to teach mathematics

From Mr P. Macaskie

Sir,—Michael Dixon in Lombard (January 30) makes a very unfortunate choice in the example he chooses to criticise the numeracy of the English population. He states that one-third of a representative sample of the adult population were defeated by the question: "If you bought five Christmas cards for 65p how much would each card cost you?" This is surely not a test of numeracy but a study in logical interpretation of the English language. On posing the question to a sample of merchant bankers, I was given three answers, all of which could be justified, showing that the question could be interpreted in a number of ways.

Patrick Macaskie.
28 Cathnor Road, W12.

FINANCIAL TIMES

Thursday February 5 1987

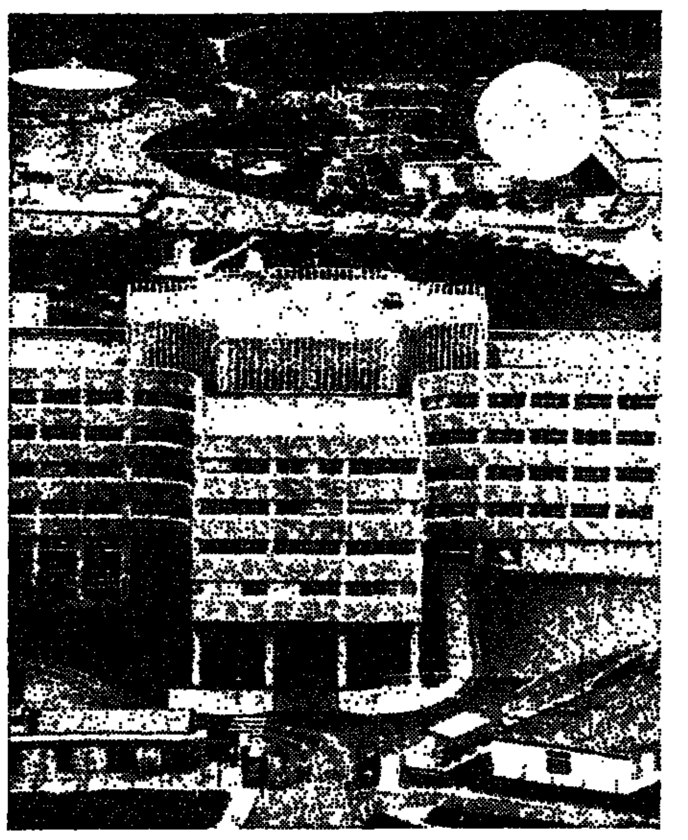
David Buchan chronicles the effects of a 'medieval' Official Secrets Act

Britain: the secretive society

THE BRITISH government is currently being rocked by its second major secrecy row in two months. First came the struggle to suppress the memoirs of Mr Peter Wright, a former security service officer, in a court in Sydney, Australia. Now, there is an all-out effort to track down the leak – to Mr Duncan Campbell, a journalist – of the secret Zircon satellite project, a leak about which the Government probably knew six months ago. Police have ransacked BBC offices, and Mrs Margaret Thatcher's Government has been accused of police-state methods.

Revelations by intelligence officers, even retired ones and disclosure of secret satellite plans would be news in any country. But they are perhaps of particular public interest and especially sensitive to the government, of a relatively secretive society.

That Britain is such a society is clear. Not until the publication in 1963 of the report by Lord Denning on the Profumo political scandal was it confirmed publicly that Britain had an internal security service (MI5) and that it answered to the Home Secretary. Not until the trial of Mr Geoffrey Prime fore spionage in 1983 did the Government admit that the big building with the funny dishes on top on the outskirts of Cheltenham in Western England was the GCHQ electronic intelligence gathering operation. (The Government then managed to keep GCHQ on the front pages by banning trade unions there).



Britain's GCHQ electronic intelligence gathering centre, which the Government would not admit existed until forced to do so in a major espionage trial in 1983.

Also successive British governments have never formally admitted the existence of the MI6 external intelligence service. "What is MI6?" asked Sir Robert Armstrong, the Cabinet Secretary, at the Wright trial in Australia.

Bemused foreigners might wonder why Britain's famed "mother of parliaments" had not required some parliamentary accountability and disclosure of the British national security apparatus. They might also ponder why the British establishment, which used to embrace the fourth estate (the press), could no longer work its behind-the-scenes magic to hush up such leaks. But they might be really puzzled as to why a government armed with a draconian Official Secrets Act should be so inconsistent and/or tardy in taking action.

These three issues – lack of parliamentary oversight over intelligence, failure of voluntary press censorship and government inconsistency – are all brought together in the Zircon affair.

The 34-year-old Mr Campbell has become Britain's best know exposer of military secrets, not, he insists, out of any intention to damage national security, but in response to the public's right to know what its government is up to. He first hit trouble in 1977 when he was prosecuted, and conditionally discharged, for revealing details, learnt from a former soldier, about British listening posts in Cyprus. Since then he has plugged away, writing about GCHQ, British war planning, Government nuclear fallout shelters and so on.

But he regards Zircon as his most important exposé because, he argues, it touches the constitutional issue of deception of parliament. In fact, it is not easy to find an intelligence or classified national security area on which the British parliament has a right to be informed.

But in 1981, the House of Commons Public Accounts Committee was so incensed at discovering that £1bn ($1.52bn) had been spent on the highly-classified Chevaline improvements to Polaris nuclear warheads without the committee knowing anything about it, that it forced a new arrangement on the Defence Ministry.

As a result the ministry would include, in its annual statement to the committee of major defence programmes, projects for which project definition had been completed and Treasury and departmental ministers had authorised development funds in excess of £200m (now inflation-adjusted to £250m), or for which project definition costs had exceeded £10m. Mr Campbell claims that according to his informants, Zircon fulfilled both these criteria.

Super-secret projects which the ministry does not want to see in public print are covered by a separate arrangement between the committee and the National Audit Office, a statutory body responsible to parliament but with access to nearly all executive department files. Sir Gordon Downey, the Comptroller and Auditor General, who heads the NAO, is supposed to tell Mr Robert Sheldon, the committee chairman, confidentially about such super-secret projects. But Mr Sheldon said the first he knew of Zircon was when Mr Campbell told him last October, months if not years after Zircon got going.

The murkiness with which Britain – and other countries – conceal intelligence funding makes it possible for Zircon to be financed in part out of the "secret vote". This is the sum of money – £81m in 1985-86 – voted for the intelligence and security services.

Only the total of the secret vote is published. The NAO does not audit it. The Comptroller and Auditor General simply states each year that he has received certificates from the ministers responsible – the foreign and home secretaries – that the money has been spent for proper purposes. It is an accounting method which, a Cambridge historian of the intelligence services has commented, would lead to prosecution if employed by public companies.

Accountability of the intelligence and security services had already been made an issue by the Wright affair. Should Britain follow the recent example of the US, Canada and West Germany in creating some legislative supervision of the intelligence and security services? The opposition Labour and Alliance parties pushed for this in a House of Commons debate in December.

Parliamentary oversight would, however, mean formally owning up to MI6's existence, a step which MI6 feels would hamper it in competing in the world of espionage. MI6 may not be able to pay as well as the CIA and other Western services, but it could always offer agents and informants the prospect of silence to their grave.

The Zircon affair has also underlined how defunct the D notice system now is. This is a system whereby a government committee, on which the media are represented, sends out periodic requests (D notices) asking the press not to comment on certain matters. In theory a D notice should have caught the Zircon story, given the ample warning the Government had of the programme on it which Mr Campbell was making for the BBC.

Ironically, Mr Alan Protheroe, the BBC assistant director general, who is leading the protests at police raids on his corporation's Scottish offices, is a member of the present D notice committee. In the event, the BBC under government pressure cancelled the Zircon programme.

But no D notice relating to Zircon was issued. The New Statesman magazine published a Zircon article by Mr Campbell, and the 33,000 copies of that article gave the public a fair idea of what all the fuss was about.

The evident reason why this system of informal self-censorship goes largely unused and certainly unheeded stems from growing public criticism of what lies behind it – the 1911 Officials Secrets Act. This is drawn so widely, many feel that it can cover anything that would cause a government political embarrassment.

Because this view has come to be shared by many juries, if not judges the act is likened by Mr Peter Hennessy, a specialist on Britian's official secrecy, "a medieval cannon, only marginally more dangerous to those it is used against than to those who use it."

It is therefore perhaps not surprising that the Government was so slow to respond to the "signals" which Mr Campbell says he gave the Defence Minister, and indeed to Sir Michael Havers, the Attorney General, about his Zircon programme plans as long ago as last July.

Heroin and hired guns fuel ethnic strife in Karachi

By John Elliott, South Asia Correspondent

ROCKET launchers and Kalashnikov rifles are for sale in the city bazaars from Rupees 1,000 ($2.72), or for hire at about Rs 300 a day with bullets for as little as one Rupee each. Heroin is cheaply available at well known retail and wholesale points.

The railings around the provincial parliament buildings, where all the 11 opposition members were arrested recently, have been covered with barbed wire and the iron gates strengthened with sheets of steel to ward off demonstrators.

This is not Beirut but Karachi, once a proud and prosperous commercial port of the Indian subcontinent. Now it is the most troubled of Pakistan's major cities where a lack of urban infrastructure, a corrupt administration, a thriving narcotics trade and easy availability of guns have led to violent clashes between different ethnic groups.

Karachi is accustomed to sporadic riots between Islam's Shia and Sunni sects, as well as student violence and stormy political protest. But in the last three months it has seen widespread ethnic riots for the first time. In December they left over 160 people dead and led to curfews which shut industries and the port for nearly six weeks.

In the past few days about eight more have died in the troubled centre of Orangi, a sprawling, makeshift settlement of 1m people split into ethnic camps. Like some other areas of the city, it is virtually devoid of government controls, services or policing.

Conversation in Karachi tends to be dominated by allegations of drug and gun-running gangs, of high level government corruption and by fear of where the general breakdown in law and order will end.

Karachi, located near the mouth of the Indus river on the Arabian Sea was Pakistan's first capital after partition from India 40 years ago at the end of British rule. It is now the country's commercial and industrial centre, the only major seaport and the capital of the politically turbulent, bandit-ridden southen province of Sind bordering India.

It is a microcosm of a relatively new and poor country that has not yet found a national identity stronger than its peoples' provincial and ethnic loyalties, and which has yet to develop a stable political system and an administration that wins respect. It also houses the more ambitious of Pakistan's 2.5m to 3.5m refugees from neighbouring soviet-occupied Afghanistan. The socially repressive, military-based Islamic regime of President Zia Ul-Haq serves to compound the ethnic tensions.

"In the last three months in this city the people have realised they cannot rely on this government to protect them, so they are arming," says Mr Hussein Haroon, a member of one of Karachi's most important political and business families who was removed by the Government from the job of Speaker in the provincial assembly last year because of his independent views.

The riots have escalated ethnic tensions between three groups of immigrants to the metropolis – 2m Mohajirs who came as refugees from India to help found Pakistan after independence, 500,000 Biharis who came from Bangladesh and 1.5m Pathans who have swept down from northern Pakistan and dominate transport, property development and crime. A common resentment against 2m people from the north-eastern Pakistan province of Punjab increasingly dominates the Government and business.

Pakistan's heavy level of defence expenditure – well over 60 per cent of its annual budget – leaves little money for urban development, and so Karachi has expanded services such as bus transport and housing with funds from the private and informal sector. This has been increasingly funded by profits from the narcotics trade, dominated by the aggressive Pathans who have earned the envy and wrath of other groups.

Some politicians say the riots are the result of wars between different sections of the narcotics, gun and property racketeers, involving, they alleged deals at the highest levels in the provincial and national governments.

Others see them as the result of under-development and a clash of different ethnic interests, complicated by guns and drugs that have flooded into the country because of the Afghanistan war.

The answer is almost certainly a mixture of the two, with the social and ethnic problems forming the background for the gangs and high level corruption, the impact of which has been sharpened by narcotics from Afghanistan and guns siphoned off from the Afghan resistance movement.

THE LEX COLUMN

Post-prandial price rises

That venerable specific, the company visit to a broker's lunch, seems to have done extraordinary things to the ICI share price yesterday afternoon, when about 4m shares were traded in the course of an hour, during which the shares also moved up by 45p. Since the end of lunch in London roughly coincides with opening times in New York, good news at that time of the day – in this case, of substantially higher profits, or at any rate of rising forecasts – seems to gain an irresistible momentum.

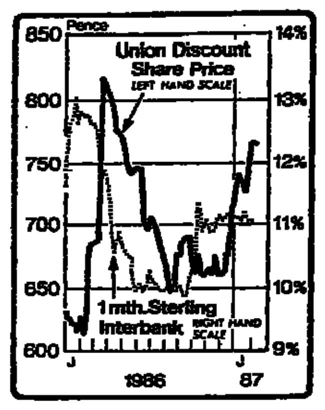
The market is genuinely taking a second look at several major pharmaceutical research stocks, discovering earnings potential on its way through the research pipeline, and raising multiples accordingly. Part of the enthusiasm for Glaxo is due to the increased visibility of life beyond Zantac, a worry to shareholders until late last year. And ICI – also with an interesting research portfolio – is nowadays the London market's closest subsititute for Glaxo. Similar in price and capitalisation, the two shares can scarcely be distinguished in their movements.

The shares would not be moving so fast if the market-makers were not rather short of stock. Multiplication in the number of market makers has not altered their way of dealing with this problem; move the share price up until the pain stops. Which it must do sooner or later.

Union Discount

Raising post-tax profits by getting on for 1,000 per cent is not a trick Union Discount is likely to perform twice in consecutive years. Splendid though a recovery from £1.1m to £10.8m is, it serves as a reminder, if such were needed, of the volatility and therefore low quality of earnings. The next move in Union's profits, like that in interest rates, could be up or down.

That said, Union made the most of the good times in the first quarter of 1986, and managed to make profits even in the tougher patches when some discount houses were losing money. Arguably, with the benefit of newer instruments like futures, a discount house should be capable of avoiding losses, barring exceptional circumstances, so long as it gets interest rates tolerably right. And smoothing, via the inner reserve account, is a wonderful



thing. While 1985 figures were wholly unsmoothed, last year's were probably decidedly flattened, and 1987's dividend is already covered one way or another.

But for Union to convince shareholders that it will achieve its aim of more stability in the return on equity, it must spread some capital to its non-discount house activities without starving the basic business. It is encouraging to see leasing profits topping £1m, with the hint of a doubling in 1987, while the futures subsidiary should begin to chip in. Gilt-edged trading should be more profitable now that commissions have gone and spreads narrowed. The market will nevertheless take more persuading, or a much clearer trend in interest rates, before it accepts much less from the shares than their 7.2 per cent historic yield, after yesterday's 17p rise to 785p.

Thyssen

The strength of Thyssen's share price for most of last year was apparently based on the belief that here was the steel company least hostage to the vicious cycle of the steel industry. Yet since the company revealed in December that its mass steel subsidiary had made a loss in the first quarter of the current fiscal year, the company's market value has been reduced by a quarter. Less charitable souls will dismiss the inference of paradox and suggest rather that the German equity market took far too long to recognise the problem of its domestic steel industry.

Yesterday's announcement of net profits down from DM 472m to DM 370m may not be as bad as it looks. The previous year saw the company receiving Government subsidies of about DM 170m, whereas in the most recent fiscal year it repaid the state some DM 130m. So the underlying position could be said to have improved.

But the currency translation effect looks like being even more pernicious this year. The hints made yesterday of a large acquisition indicate the one obvious way in which a strong currency can be exploited. And with gearing down from 150 per cent to a mere 96 per cent the financial position allows some room for manoeuvre.

US acquisitions

The picture of gullible British executives pouring across the Atlantic to buy herds of white elephants from cunning US marketing men is further undermined by the latest survey from J P Mervis. The survey tots up a staggering $13.9bn spent by UK companies acquiring 229 businesses in the US in 1986 which pushes up to $23bn the total spent over the past three years. Consumer products and services formed the largest sector by value in 1986 – due principally to Unilever's $3.1bn acquisition of Chesebrough-Pond's – but financial and corporate services was again the most popular sector by number of acquisitions and second in value, while the value of building products purchases has increased fourfold over 1985.

The growth in volume alone suggests that the well-publicised finger-burning of Midland Bank and Imperial Group has not been representative and indeed the Mervis analysis of how the 1981 acquisitions have progressed claims – albeit using a somewhat unclear criterion – that successes exceed failures by four to one: not a bad record given the additional risks inherent in acquiring a foreign business.

Football finance

Tottenham Hotspur's 5-0 thrashing of West Ham immediately fed through to a 5p rise in the company's share price on Tuesday. But the investors, supporters all, seem less quick to react to off-the-field developments. The news that Tottenham is considering the aquisition of Diego Maradona sounds ominously like a 1 for 1 rights issue, yet the share price has flinched not a bit.

Dalkon Shield group faces takeover offer

BY ANATOLE KALETSKY IN NEW YORK

A. H. ROBINS, the US health care company which has been operating under bankruptcy protection because of product liability claims related to its Dalkon Shield contraceptive, received a takeover proposal yesterday from American Home Products.

The offer, which comes just a day before a deadline set by the bankruptcy court for Robins to file a reorganisation plan, was welcomed by Robins as "a significant proposal," and Robins' stock price jumped immediately from $12¾ to more than $17.

However, neither company would give financial details of AHP's offer, except to say that it includes provisions for compensating Robins' creditors, would be tax-free for Robins' stockholders and would set up a trust fund for the alleged victims of the Dalkon Shield.

Robins also said that it would ask the bankruptcy court for a 14-day extension of its reorganisation deadline. Any takeover would need to be approved by the court.

However, the real key to any deal will be the arrangements made for settling the 327,000 liability claims outstanding against Robins. The shield, a form of intra-uterine device or "coil," was marketed throughout the world for many years until it became apparent that its use was related to reproductive injuries, infertility and occasionally even death.

In 1984 Robins established a reserve of $615m to deal with the deluge of compensation claims, but it rapidly became clear that the actual level of settlements was likely to be much higher and Robins filed for protection from creditors under Chapter 11 of the US bankruptcy code.

This reserve provided nothing, however, for punitive damages or claims outside the US. In its quarterly results, Robins, whose other pharmaceutical operations remain profitable, has repeatedly been forced to take additional charges to cover compensation claims beyond the levels assumed in the reserve.

Saudi Arabia 'funded rebels' in Awacs deal

BY LIONEL BARBER IN WASHINGTON

SAUDI ARABIA agreed in 1981 to fund anti-Communist rebels around the world as part of the deal with the US that allowed the Saudis to buy the sophisticated Awacs early-warning radar system, it was reported yesterday.

The arrangement is said to have been drawn up by King Fahd, the Saudi ruler, and other top Saudi officials and the Reagan Administration. It is said the Saudis agreed to funnel millions of dollars to resistance movements in Angola, Afghanistan and Nicaragua.

A detailed account in the New York Times quoted several present and former US officials familiar with the sale. The report also quoted an unnamed Californian who said he had turned down a direct request from King Fahd to be a conduit for up to $15m of aid to the Contra rebels in Nicaragua.

The $8.5bn sale of Awacs aircraft, the most sophisticated US airborne early-warning system, was narrowly approved by the US Senate by 52 votes to 48 in 1981.

Senate approval followed assurances by the Reagan Administration that it would guarantee Israeli military superiority and ensure that the Americans would operate some of the aircraft's most secret components. But there was no mention at the time of Saudi willingness to support anti-Marxist rebel groups.

The Saudi Arabian Embassy in Washington yesterday issued a statement from its Ambassador, Prince Bandar bin Sultan, which said that his country had not been and was not now involved directly or indirectly in supporting the Contras with military or other aid.

The White House also maintained yesterday that no evidence had been uncovered to link the sale of Awacs to Saudi Arabia with a Saudi agreement to aid anti-Communist rebels around the globe. Mr Marlin Fitzwater, the White House spokesman, said "We do not have any indication of any understanding or quid pro quo" in the Awacs sale.

World Weather

		°C	°F
Ajaccio	S	14	57
Algiers	C	15	59
Amsterdam	Fg	3	37
Athens	F	12	54
Bahrain	S	20	68
Bangkok	S	31	88
Barcelona	F	13	55
Beirut	S	18	64
Belfast	C	6	43
Belgrade	C	-2	28
Berlin	C	-2	28
Biarritz	C	9	48
Bombay	–	—	—
Bordeaux	C	7	45
Brussels	C	3	37
Budapest	C	0	32
B. Aires	S	32	89
Cairo	F	18	64
Cape Town	S	22	72
Caracas	C	25	77
Casablanca	C	15	59
Chicago	S	-6	21
Cologne	Fg	2	36
Copenhagen	Fg	1	34
Corfu	F	13	55
Dallas	–	—	—
Dublin	C	9	48

		°C	°F
Dubrovnik	F	12	54
Edinburgh	F	7	45
Faro	S	17	63
Florence	S	14	57
Frankfurt	C	1	34
Funchal	F	18	81
Geneva	C	2	36
Gibraltar	S	18	61
Glasgow	C	6	43
Guernsey	C	7	45
Helsinki	F	-1	30
H. Kong	S	17	63
Innsbruck	S	4	39
Inverness	F	7	45
Islamabad	S	23	73
Istanbul	C	4	39
Jakarta	R	30	86
Jersey	C	8	46
Jo'burg	F	27	81
Lima	C	27	81
Lisbon	S	15	59
London	C	9	48
Los Angeles	C	11	52
Luxembourg	Fg	2	36
Madrid	C	10	50
Majorca	R	13	55
Malaga	S	16	61

		°C	°F
Malta	C	17	63
Manchester	C	5	41
Manila	C	30	86
Melbourne	C	17	63
Mexico City	C	22	72
Miami	S	19	66
Milan	C	2	36
Montreal	C	-7	19
Moscow	S	-1	30
Munich	S	0	32
Nairobi	C	28	82
Naples	F	14	57
Nassau	C	28	82
New Delhi	S	19	66
New York	S	2	36
Nice	F	15	59
Nicosia	C	16	61
Oporto	S	13	55
Oslo	F	-4	25
Paris	C	2	36
Peking	S	3	37
Prague	Fg	-7	19
Reykjavik	C	3	37

		°C	°F
Rhodes	S	15	59
Rio de J'o	C	34	93
Rome	F	15	59
Salzburg	F	1	34
San Francisco	S	8	46
Seoul	S	-2	28
Singapore	R	28	82
Stockholm	S	1	34
Strasbourg	C	2	36
Sydney	C	22	72
Taipei	S	18	59
Tangier	C	15	59
Tel Aviv	F	16	61
Tenerife	C	17	63
Tokyo	F	6	43
Toronto	C	-3	27
Tunis	S	20	68
Valencia	F	14	57
Venice	C	3	37
Vienna	S	-8	18
Warsaw	S	-2	28
Washington	F	3	37
Zurich	C	3	37

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Oil groups in deal

Continued from Page 1

forts to fulfil its quota of 4.113m b/d under Opec's latest production sharing system. This sets a ceiling of 14.334m b/d on the output of 12 of the 13 members (excluding Iraq).

Contract volumes are 440,000 b/d for Exxon, 300,000 b/d for Mobil, 200,000 b/d for Texaco, and 250,000 b/d for Caltex (Texaco and Socal's joint operation in the Far East).

Since the nationalisation of Aramco, jointly owned Stemco has provided vital services to the Saudi operating company on a per-barrel fee basis.

Lucy Kellaway adds: Yesterday's news failed to support oil prices, which during the past few days have weakened sharply. In London yesterday the price of Brent crude fell about 40 cents to $17.70, its lowest price so far this year, and more than $1 lower than two weeks ago.

Traders questioned the significance of Saudi Arabia's agreement with Aramco, and argued that there were so many escape clauses in the contract that its impact would be limited. "The market took this as a big yawn. It is more like an insurance policy than anything else," said one trader in New York.

Crude Oil prices have been pushed down over the past few days by falling product prices, which are being depressed by the milder weather in Europe and in the US. In London yesterday gasoil futures on the International Petroleum Exchange fell $5 to $150 a tonne.

INTERNATIONAL APPOINTMENTS

Boeing cements its links with De Havilland Canada

BY BERNARD SIMON IN TORONTO

BOEING, THE US aircraft maker, has further cemented its links with De Havilland Aircraft Company of Canada (DHC) by appointing Mr Ronald Woodard, a vice-president in Boeing's Materiel division, as president of the Toronto-based commuter aircraft manufacturer.

Mr Woodard, aged 43, succeeds Mr William Boggs, who was appointed by the Canadian Government in 1985 to put the state-owned DHC on a more stable footing and to oversee its privatisation.

Boeing bought DHC a year ago, and has moved quickly to put its own stamp on the company by changing administrative, financial and operating procedures. Its priorities are reflected in the fact that Mr Woodard's most recent positions in Seattle have centred on manufacturing systems and sales. A research chemist by training, Mr Woodard joined Boeing in 1966.

Mr Boggs, aged 68, will remain on DHC's board and help Mr Woodard in what Boeing calls "the next phase of the transitional process."

DHC, plagued by debt and a slim order book prior to the Boeing takeover, is now enjoying a revival. Sales have risen sharply and the company has begun work on a stretched version of its new twin-prop Dash 8 aircraft.

Boeing has authorised a C$20m (US$15m) investment programme at DHC's factory north of Toronto. After laying off almost half its workforce in 1982-83, DHC has expanded its payroll in the past year from 4,400 to 5,300.

A total of 157 orders and options has been placed for the original Dash 8-100 model, with another 38 received for the stretched Dash 8-300.

* * *

HUDSON'S BAY COMPANY, the Canadian retailer, has announced the early retirement of Mr Hugh Dwan, president of its fur sales division and managing director of Hudson's Bay and Annings Ltd, its London-based subsidiary, with effect from last Saturday. That is the date, as announced recently, of acquisition of Hudson's Bay and Annings by the Finnish Fur Sales Company, the Finnish fur-farmers co-operative.

Mr Dwan joined Anning Chadwick and Kiver in 1967, ahead of its 1972 merger with Hudson's Bay London fur sales operation. He was appointed managing director of Hudson's Bay and Annings in 1975, and president of HBC fur sales in 1983.

Finnish Fur Sales has appointed Mr I. W. Allely to succeed Mr Dwan as managing director of Hudson's Bay and Annings. Mr Allely joined Hudson's Bay and Annings in 1974, became finance director in 1975, and has been finance director of HBC's iternational fur division since 1983.

* * *

DU PONT COMPANY, the Delaware-based chemicals-based concern, has appointed Mr Edgar S. Woolard, Jr to the new positions of president and chief operating officer, with effect from March 1, reports Reuter.

Mr Woolard, 52 years old, is currently vice chairman in charge of Du Pont's chemical businesses.

His apointment coincides with the decision by Mr Ralph E. Bailey to step down as the company's other vice chairman. Mr Bailey, who will be 63 years old when he retires, is responsible for Du Pont's energy operations.

Mr Woolard is to assume control of both the energy and chemical businesses, thus eliminating the two posts of vice chairman.

Mr Constantine S. Nicandros is to become president and chief executive officer of Conoco, the Du Pont oil subsidiary, also on March 1.

Mr Nicandros, 53, is currently president of worldwide petroleum operations for Conoco. Mr Bailey will continue as a member of the board.

Presidential change at EFIM

By John Wyles in Rome

MR ROLANDO VALIANI has been appointed president of EFIM, the Italian state holding company, in succession to Mr Stefano Sandri who leaves on March 5 after three years at the helm.

Currently vice-president of the Faculty of Economics and Commerce at one of Italy's private universities, the Luiss in Rome, 48-year-old Mr Valiani has also recently been economic policy adviser to the Italian Social Democratic Party which has the most powerful voice in determining the choice of the EFIM president.

He takes over a group with highly diverse interests ranging from food production to aerospace which has suffered heavy losses in recent years.

Under Mr Sandri, EFIM's deficits have been cut from L510bn (some $400m) to around L146bn last year on a turnover which has risen from L4,249bn to L4,627bn ($3.6bn). The group expects to break-even in 1987.

* * *

ARABIAN OIL COMPANY, the Japanese oil producer, with a Middle East base, has promoted Hiromichi Eguchi, 63, president, reports Kyodo from Tokyo. Mr Eguchi is to succeed Mr Jin Miyazaki, 66, who is to be chairman.

Intel chooses new chief executive

BY LOUISE KEHOE IN SAN FRANCISCO

INTEL CORPORATION, one of the largest semiconductor manufacturers in California's so-called Silicon Valley, has announced that Dr Andrew S. Grove, president and chief executive operating officer is to become chief executive officer in April.

Dr Grove is to succeed Dr E. Moore, a co-founder of the company and chief executive since 1975. Dr Moore is to remain chairman of Intel.

"I am a believer in smooth management successions, and since Andy and I have worked together interchangeably for years, I expect this will be one of the smoothest on record," says Dr Moore.

Dr Moore has, as a co-founder of Intel, a central figure in the development of Silicon Valley, the area of California which has attracted a high concentration of electronic chip makers. He was among the group of young scientists and engineers recruited by Mr William Shockley, co-inventor of the transistor, to join the fledgling Shockley Semiconductor laboratory, where the first commercial transistors were produced.

In 1957, Dr Moore co-founded Fairchild Semiconductor, Silicon Valley's first chip company. In 1968, he and Mr Robert Noyce founded Intel. In the 1970s, Intel transformed the computer industry with its inventions of the microprocessor and semiconductor memory chips.

Dr Grove, who has been with Intel since its early days, has long been responsible for the day-to-day operations of Intel. He has been president of the company since 1979.

Recently, Andy Grove has become better known as an author and writer. His second book on management: "One on One with Andy Grove" is to be published this spring. His weekly management advice column, "Managing at Work" is carried in several US newspapers.

Maersk picks new chief

MR N. J. IVERSEN has been appointed managing director and Mr PER STAEHR has been elected to the board of The Maersk Company, Denmark, parent company of the Maersk UK Group. Mr Iversen has been managing director of an associate company—the Maersk Company (Singapore) Pte—for the past five years and prior to that was executive vice president of Moller Steamship Inc in the US. Mr Staehr has been general technical manager of Maersk for the past six years

Financial Director

South of England

c.£30,000

Highly profitable manufacturing company, with an eight figure turnover and an impressive growth record, seeks a Financial Director to assume wide ranging responsibilities and to make a significant contribution to corporate strategy. Preferred age 30-42.

Candidates will be qualified accountants with successful experience of 'hands on' control of a substantial profit centre in manufacturing industry. Significant exposure to the data processing function is desirable. Prospects in this acquisitive public Group are excellent and are not restricted to the finance function.

For a full job description, please write to W.T. Agar at John Courtis & Partners, 104 Marylebone Lane, London W1M 5FU demonstrating your relevance clearly and quoting FT/2267. Both men and women may apply.

JC&P Management Selection and Search
London, Milton Keynes, Northwich

Accountancy Appointments

Financial Controller

London

c. £27,000 + Car

This is an outstanding opportunity to join a company positioned strongly in the sophisticated security equipment market. Turnover is around £10m, it is part of a major group and it is expanding through acquisition and entrepreneurial management. The company is located just south of the city.

The company is seeking a financial executive whose skills will complement the experience of a management team engaged in developing a profitable operation.

The Financial Controller will report to the Chief Executive and have responsibility for financial management, including the preparation of accounts, planning and budgeting and ensuring the implementation of proper controls.

There will be opportunities to become involved in acquisitions and the control and development of areas of the business.

Candidates should be qualified accountants in their 30's to early 40's with experience of heading up the financial function of a sales led company. Exposure to rental and maintenance contract systems and stock control systems would be an advantage. You should have an understanding of computer based management information systems and as a manager you should have the initiative and flair for business development and be firm, practical and results oriented.

Please reply in confidence giving concise career personal and salary details, quoting Ref. ER886 to: **Michael Fahey, Arthur Young Corporate Resourcing, Citadel House, 5-11 Fetter Lane, London EC4A 1DH.**

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

HEAD OFFICE ACCOUNTANT

London W.1. c.£23,000

Barham Group plc is a rapidly expanding public group with interests in the communications and financial services areas.

Continued rapid expansion has created the need for a Chartered Accountant to work directly with the Group's Managing Director.

The person appointed will be responsible for producing consolidated management accounts and reports for all the group companies, preparing statutory accounts, financial forecasts and budgets, and assisting in the group's further acquisitions.

If you have the ability to work under pressure in an energetic environment, you will find this position can offer excellent career prospects in a highly successful and dynamic group.

Please write with a detailed c.v. to: Ian Forsyth, FCA, Group Managing Director, Barham Group plc, 15/16 Newman Street, London W1P 3HD.

FINANCIAL CONTROLLER/ ACCOUNTANT

With exceptional ability, required to co-ordinate and control all financial aspects of

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The right applicant will require expertise, dedication and a desire to succeed.

A knowledge of the fashion trade and computer operations would be advantageous.

Excellent salary and first class future await you.

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Appointments Wanted

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AGED 36
seeks position as
FINANCIAL DIRECTOR
in growing plc

Currently in service sector Acquisition and international experience. Package sought c£40,000

Write Box A0390, Financial Times 10 Cannon St, London EC4P 4BY

Virgin — Financial Accountant

West London £Neg + Car

Virgin Retail is already a major high street name selling records, cassettes, compact discs and other leisure goods. The company has an impressive growth record. Commitment to diversification and expansion has led to an exciting phase in the company's development.

In order to strengthen the management team, the company is keen to recruit a high calibre individual to report directly to the F.D.; and work closely with him in all aspects of finance. This will include financial systems development, ad-hoc projects and investigation work as well as being responsible for the overall financial accounting and administration functions, supervising a team of 12.

As a qualified accountant, under the age of 30, you should have already started to demonstrate an imaginative and creative approach to working within a dynamic and commercial environment.

This is a challenging and exhilarating opportunity within the Virgin Group.

If you have the necessary ambition and determination our client requires, telephone Tim Forster on 01-831 2000 or write to him at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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HEAD OF FINANCE

Pharmaceutical Manufacturing Establishment

Ware, Herts **Package to £30,000 + car**

Glaxo is one of the world's leading pharmaceutical companies and has an enviable record of achievement. Some 2,000 people are employed in manufacturing and research activities at the Ware site, which is currently undertaking a major capital investment programme which will place it amongst the most advanced secondary manufacturing units in the world.

The Company wish to appoint a Head of Finance, who will report to the Site Manager and be responsible for a department of some 30 people. As a member of the Site Executive Team, he or she will be expected to make a major contribution to policy and management. A proven record of identifying and implementing initiatives to improve cost performance and the ability to control a multi-million pound capital expenditure programme are prerequisites for the position.

Candidates, ideally aged between 30-40, must be qualified accountants, or hold an MBA, with a broadly based financial background and significant experience in a manufacturing environment. Career prospects are excellent either within financial or general management.

The Company offers an attractive package and benefits include a company car, non-contributory pension scheme, BUPA, and assistance with relocation where appropriate.

Written applications, enclosing up-to-date CV, should be submitted in strict confidence to Eric Sutton or Carol Saunders at our London address, quoting reference no. 1044/7417.

ACCOUNTANCY & MANAGEMENT RECRUITMENT CONSULTANTS
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TELEPHONE: 01-836 9501

GROUP FINANCE DIRECTOR (DESIGNATE)

—Expanding Banking, Property & Investment Management plc—

West End ***neg £40-50,000 + car + share option etc.***

Our client is a vibrant financial services group with a full Stock Exchange listing and a market capitalisation of around £20 million, actively managed by an experienced and highly-respected team of professionals.

The Company is ambitious to grow both organically and by acquisition and is being developed as a broad-based investment banking group, acting as a principal and as agent, in the areas of:

- Banking services (through its subsidiary, a licensed deposit-taker)
- Finance-led property activities
- Active management of strategic investments and development capital.

This new appointment, reporting to the Group Managing Director, will have full responsibility for the financial management of the Group. Key tasks in this area include development of tight financial reporting systems for the Group, its associates and clients. You will also participate in all management and commercial decisions effecting future growth and profitability and play a key role in the evaluation of new business opportunities.

You will be a Chartered Accountant, aged 30-45, of high technical ability, an excellent communicator and motivator, with strong business orientation, who has had both professional and commercial experience, the latter preferably in a modern and efficient group with either City connections or one which has been actively acquisitive. You will have the ambition and determination to make a major contribution to the development of this fast-growing company.

The salary package is negotiable, as indicated, including all usual benefits, not least of which is an executive share option scheme. *Please write to Neil Wax, Consultant to the Company, or call him on 01-387 5400 for an initial confidential discussion.*

FINANCIAL SELECTION SERVICES
DRAYTON HOUSE, GORDON STREET, BLOOMSBURY, LONDON WC1H OAN TELEPHONE: 01-387 5400

Financial Controller

c £20,000 plus car

Our client is a subsidiary of a European electronics company recognised as a leader in a fast moving and competitive field. The Company has invested heavily in advanced technology and is constantly developing new products.

Based in the south-east, the UK subsidiary is small but growing fast and is now seeking a Financial Controller to strengthen the senior management team. Reporting to the Managing Director and responsible for the development of financial controls and systems to meet the demands of an expanding business, the successful candidate will provide key input into management decision making and strategic business planning.

Candidates will be qualified accountants, aged around 30, who can demonstrate both commercial awareness and a successful track record of financial management in a production related environment. Experience of computerised systems is essential and some knowledge of foreign exchange would be useful.

For the right candidate, the position could lead to a board appointment in the future. Immediate rewards include a salary of c £20,000 plus a car and benefits.

If you have the experience and qualifications necessary, please write in confidence to Joanna Corr (ref: 7141).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX.

Accountancy Appointments

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Hill Samuel Investment Services Limited requires Executives aged 30-50, in London and Home Counties, to be trained to offer a wide range of financial services to businessmen, professional intermediaries and individuals.

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Treasurer

International Stockbroker

London
£40,000 – £50,000
package including car

This is a new appointment with one of the leading independent stockbrokers in London. The group has built up a reputation for the excellence of its expert advice on international markets offered to clients, both institutional and private, which has enabled it to maintain its independence in this competitive market place.

With significant growth in the size of their operations worldwide, they now seek an individual capable of running the newly formed Treasury Department which services an international cash flow in excess of $1 billion.

For this position we are seeking a qualified accountant aged 30-45 with a proven track record in international treasury management and who would be able to play a key role in defining and implementing systems and generally organising and establishing this new department. Experience to date should include a sound knowledge of most common FX transactions and money market instruments as well as a good understanding of microcomputer based financial modelling systems.

The remuneration package for this particular role will reflect the experience of the individual, although for the exceptional candidate salary will not be a bar to recruitment.

Candidates interested who possess the relevant qualifications and experience, should write enclosing a full CV, and details of current salary, quoting reference MCS/1024 to
Michael Madgwick
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

FINANCE DIRECTOR

STRONG GENERAL MANAGEMENT BIAS

City — Package c.£75,000

Our client is one of the largest independently owned Stock Exchange companies. It has experienced considerable growth in recent years, both organically and through aggressive acquisition.

A Chartered Accountant is required who, in addition to acting as Finance Director and ensuring that all stock exchange reporting requirements are met, will work closely with the young, entrepreneurial Chairman and assume responsibility for a range of general management tasks.

Candidates must have strong 'people' skills; be confident, energetic and tenacious and have the ability to cope with, and prioritise, a wide variety of financial and administrative issues.

Previous experience in the financial services sector is essential, including familiarity with Stock Exchange requirements. The remuneration package is negotiable and could include equity after a qualifying period. Candidates are already likely to be in a senior role in the City and unlikely to be earning less than c.£50,000.

Please write in confidence, quoting reference 7501/L, to Valerie Fairbank, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

ASDA

Controller – Management Audit

Leeds — c£30,000 + Car

ASDA STORES is the rapidly expanding £2bn t/o superstore retailing Division of the ASDA/MFI Group. As part of their continuous commitment to improving and increasing the professionalism of their finance function and technologically advanced control procedures, they wish to appoint a Controller – Management Audit.

This newly-created position carries a brief of profit maximisation and will entail responsibility for the development of the existing audit function (27 staff), both at store and Head Office level. Key areas of involvement will include the implementation of new control techniques, (particularly in the field of computer audit), development of a team of profit-orientated Internal Consultants, participation in formulating the company's financial strategy and contributing to overall management of the business. Career prospects are excellent.

Candidates, aged 30+, should be graduate ACA's, with in-depth knowledge and experience of the latest audit techniques applicable to highly sophisticated computerised systems, together with the personal presence, highly developed communication skills and commercial awareness required to operate successfully at Executive level in a major group.

Generous relocation facilities are available where appropriate. Interested applicants should write to Alan Dickinson ACMA, quoting reference 7052, at Michael Page Partnership, 13/14 Park Place, Leeds LS1 2SJ. (Tel: 0532 450212).

MP

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DIRECTOR OF LEGAL SERVICES

City — c£50,000

As a lawyer with a sound grasp of corporate law and a practical approach to legal and organisational problems, you will be attracted by the post of Head of Legal Services. This is a new appointment to manage and develop an expanding department, and become the principal adviser to the Board of a body which will function under the Financial Services Act.

The vacancy will be particularly attractive to legal practitioners, with a contentious or non-contentious background, who are stimulated by the challenge of impending regulatory changes. Ideally aged over 35, you will already be established in a successful career and would welcome the opportunity to hold a post of distinction.

For further information contact Anita Doswell of Reuter Simkin at 1, Gracechurch Street, London EC3V ODD, telephone: 01-626-2041, who has instructions to prepare a shortlist. Please quote Reference C233.

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RECRUITMENT AND MANAGEMENT CONSULTANTS
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F. D. DESIGNATE – FOOD SECTOR

West London — c£30,000 (Package) + Car

Our client, a specialist FMCG Company is making rapid progress towards a USM listing. With current turnover approaching £8 million, they have an envied reputation as the innovative force in provision of food and drinks to the travel and catering industry.

The role of F. D. Designate carries full responsibility for an Accounts Department of ten staff, headed up by the Company Accountant. Due to the characteristics of the business, the position will require extensive liaison with the marketing, operating and purchasing functions, as well as an involvement in developing the company's acquisition policy.

It is essential that interested applicants hold a suitable accounting qualification and have recent exposure to the food industry or related sectors. The successful candidate is also required to be computer literate as the company is extensively computerised.

The position, which will carry full Board status within six to twelve months, offers an attractive salary package including a profit share scheme and fully expensed car. A share option scheme is currently under negotiation.

For further information please send a current C.V. to Jane Griffiths at the address below, or phone her on 01-930-7850.

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TREASURY APPOINTMENTS

London — To £21,000

These appointments have arisen within the dynamic and rapidly expanding Treasury department of a major British group, involved in financial services, property and a range of trading activities in the United Kingdom, Europe and the United States.

The Department is progressive and offers the opportunity to work with a dedicated team of professionals in the development of corporate treasury management. Career prospects are excellent.

Treasury Accountant

This represents a first class opportunity for a qualified accountant with 1-2 years' treasury experience or candidates who have decided their careers will go in this direction and have a keen interest in financial markets, corporate financing and International business. Candidates must have good experience of microcomputer techniques. Ref: 1042/7416.

Dealer/Analyst

This is a key role with responsibility for foreign exchange dealing, day to day cash management and management reporting. Ideal candidates should have relevant experience, be of graduate calibre, be numerate, and be capable of using their own initiative. Familiarity with microcomputers would be an advantage. Ref: 1043/7416.

Written applications, enclosing up-to-date C.V., should be submitted in strict confidence to Eric Sutton or Carol Saunders at our London address, quoting the relevant reference no.

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THE FINANCIAL TIMES

has a vacancy for an

Accountancy and Tax Correspondent

Applicants should be experienced financial journalists familiar with company accounts and able to write clearly and interestingly about complicated issues. On the accounting side, the post will involve a steady flow of news reporting on developments within the profession and within firms, regulation and accounting standards, as well as features and analyses when appropriate. On the tax side the brief will include news and analysis, including contributions to the Weekend FT.

Applications, together with a full curriculum vitae and some examples of recent work, should be sent by February 11 to:

Michael Hand, Assistant Editor
Financial Times, Bracken House
Cannon Street, London EC4P 4BY

FINANCIAL TIMES
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ACCOUNTING IN THE CITY

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As a qualified accountant aged (28-34) with previous experience in a financial services organisation you will head up the accounting function and pioneer systems development within a substantial international banking group operating in securities, real estate and long term loans. Ref SW0358

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A challenging opportunity exists within a newly created team of a prestigious merchant bank. You will be a young ACA with a record of success in a venture capital/corporate finance environment. Ref NP0334

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Active in banking, broking and leasing this major group seeks a recently qualified individual who would like to gather invaluable long term career experience in depth and breadth throughout all major world financial centres. Ref RS0362

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Please contact Sarah Wainman, Telephone: 01-256 5041 (out of hours 01-981 5963)

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Reporting to the Financial Controller your responsibilities will range from managing and motivating your team to liaison with the external financial world and the control and co-ordination of the year-end results. As a decision maker who enjoys the accountancy environment you will have the personality to get the most from your staff and the ability to execute workload with efficiency.

Ideally you will be an experienced man-manager with sound technical competence. Your diplomacy and communication skills will have played a part in your present position and you will be keen to extend the success you have so far attained.

As a qualified ACA or ACCA, perhaps making your first move out of the profession, you will be aiming to move into a position which offers security and wide career opportunities.

If this sounds like the future you're looking for please write enclosing a c.v. to:
Mrs Jennifer Baker, LINK Management Selection, 24 Buckingham Gate, London SW1E 6LB. Telephone 01-834 3777.

LINK
MANAGEMENT SELECTION

Accountancy Appointments

STRATEGIC CONSULTANCY

Banking and Financial Services Sector

Age 25+ **London Based** **£40,000 +Car**

Our client is a "worldwide" force in management consultancy, enjoying considerable growth and success within the United Kingdom.

They now seek to recruit several highly skilled graduate senior consultants and consultants with the personal and technical skills to thrive in a fast growing and demanding multi-disciplinary team environment.

Consultants, aged 25-30, should have a minimum of two years experience either within strategy consulting or in participating in strategy formulation within a financial institution.

Senior Consultants, probably aged 28-35, should have an established track record, with a minimum of five years within strategy consulting for financial institutions, covering such areas as:

The management of change
Diversification strategies
Organisational effectiveness
Marketing strategies

Business development skills are essential at all levels, and only those with exceptional academic and practical work experience will be considered.

In the first instance, please write to Trevor Atkinson F.C.A., enclosing a detailed c.v. and quoting reference BE 3501/7410.

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DEVELOPMENT CAPITAL SPECIALIST

County Limited is the finance and advisory company of NatWest Investment Bank. In addition to London there are 4 Regional Offices — Leeds, Manchester, Birmingham and Edinburgh. Working closely with London, the Regional Offices are involved in providing finance and advisory services to a wide range of clients from small private companies to large multinationals.

In order to take full advantage of opportunities in the Midlands, the Birmingham Office seeks to recruit an experienced Development Capital Specialist who can make an immediate contribution to marketing, negotiation and completion of equity related transactions.

Candidates will probably be in the age range 28-35, educated to degree level with a professional qualification (ACA, MBA) and with a knowledge of, or an interest in, the Midlands industrial and commercial scene.

If you can meet the challenge and want to know more about the opportunity, send a comprehensive c.v. to:

Ian Carlton, Personnel Manager, NatWest Investment Bank, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES.

Initial interviews will be held in Birmingham.

The NatWest Investment Bank Group

Operational Audit

exceptional career opportunities

ACAs mid 20s/early 30s **£20–30,000 + mortgage etc**

Our client is one of the largest and most influential financial groups. The diversity and changing nature of its businesses and reporting systems have created exceptional career opportunities for ambitious young Chartered Accountants.

As members of a high profile team based in the **Central London** head office you will review and appraise the group's activities, controls and information systems – a wide ranging brief covering the very substantial existing operations, new businesses and recent UK and overseas acquisitions.

These are investigative roles which will enable you to enhance and demonstrate analytical and communication skills in a highly computerised environment and, working with management at all levels, make a recognisable contribution to financial control.

Future opportunities are extensive and this function is a well proven training ground for rapid promotion into group or operating company positions.

Applicants should ideally be self motivated qualified accountants who have trained with one of the major professional firms.

Please write with full career details or telephone David Tod BSc FCA quoting reference D/554/MF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

Finance Director Designate

c£25,000 plus car and bonus

Our client is a small but rapidly expanding company in the leisure industry. Turnover for this year will almost double 1986 figures and the company is highly profitable.

Based in North London, they now wish to appoint a Finance Director Designate to join the small highly motivated management team. Initial responsibilities will include the development of sophisticated management information systems to enable the company to maintain its rapid growth record and diversity into new markets; cash management; and financial input into the preparation of the company's business plans.

This is a significant opportunity for a young qualified accountant to join a successful small company and make an immediate contribution to its growth potential. Candidates, aged around 30, will have previous financial management experience ideally gained in a small company. Experience of computerised accounting systems is essential and candidates must be able to demonstrate excellent communications skills.

If you have the personality and experience to meet this challenge, the prospects are excellent. Please write in confidence, with full details of career to date to: Joanna Corr (ref: 3211).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Finance Director

Engineering plc Main Board

Our client is a substantial group of engineering companies with operations both in the UK and abroad. The company is beginning a major development phase under new management and wishes to appoint an ambitious and entrepreneurial Finance Director.

This is an unusual opportunity for a younger candidate to move straight onto the Main Board. You will be expected to make a real contribution to the strategic development of the business as well as taking responsibility for all internal and external financial affairs. You must have all the necessary technical financial skills but you will also have demonstrated your ability to operate on a broader scale.

Please write in the first instance to DDS Recruitment, 4th Floor, 158 Victoria Street, London SW1E 4LB. Under no circumstances will applicants' names be disclosed to our client without prior consultation.

Head of Administration

Spain **£25,000+**

Our client is a major international leisure complex developer. Its el Capistrano complex on the southern coast of Spain already comprises more than 1,500 high quality villas and apartments, divided into four separate, self-contained villages each with its own full range of services and leisure facilities.

The fifth village is now under way and a big building programme is starting. Our client needs a Head of Administration for its development company who will report to the British President in Spain and take complete charge of the company's finance and administration functions.

The successful candidate will be aged late 20's upwards, well qualified, and fluent in Spanish. Experience will have included the operation and enhancement of computerised management information and control systems, certainly in the international contracting industry and probably in Spanish-speaking countries.

This is a fast-moving, rapidly-growing operation, and there will be ample room to grow with it. Other benefits will include furnished accommodation. English schools are available.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to Mr. C.A. Cotton, Executive Recruitment Division, Stoy Hayward Associates, 3rd Floor, Waterloo House, 20 Waterloo Street, Birmingham, B2 5TF, quoting reference SHA 881.

Interviews will be held initially in London and Birmingham.

Stoy Hayward Associates
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

Finance Director

£40,000 plus – with full executive benefits
North Midlands

Established for over 25 years as a public company, our client is one of the most successful trading companies in its sector with a turnover in excess of £100m. During the last five years the group has enjoyed average profit growth of over 20% p.a., and it is expecting this rate of growth to continue.

The Finance Director will be responsible for controlling the financial health and direction of the group and will be expected to participate fully in the establishment and achievement of the commercial business goals. With functional responsibility for the financial operation of over 20 trading companies – each of which are self accounting – a key task will be to maintain effective working relationships with appropriate operating company management through a blend of high quality advice and involvement.

Ideally aged 35-40, you will be a graduate chartered accountant and have a successful record in financial management gained with companies operating in highly competitive market conditions. As well as the highest professional standards you will also need proven management ability, excellent communication skills and a structured and systematic approach to business decision making.

Salary, as indicated, will not be a limiting factor. Benefits reflect the seniority of this main board appointment.

If you believe you have the qualities and experience we are seeking, please write in confidence with full career details, including current salary, to J.H. Woodger, ref. B.44078.

MSL International (UK) Limited,
52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International
Executive Search and Selection

FINANCIAL CONTROLLER/ COMPANY SECRETARY

Hammersmith **£17,000 + Car**

Ideal ground floor opportunity for young qualified accountant (mid 20's) to join small but rapidly expanding sales promotion oriented holding company (PLC) in a friendly, modern environment. Responsibilities will include preparation and reporting of management information direct to Chairman and Managing Director. Experience of computerisation and cost analysis preferable.

Telephone or write to:

The Chairman
Appleton Holdings PLC
Appleton House
139 King Street
London W6 9JG
Tel: 01-748 4460

Accountancy Appointments

MANAGER – FINANCIAL PLANNING
US MULTINATIONAL
ACA, MBA 28-33

London £40k Package

Our client, a dynamic and highly regarded organisation, has a requirement for a professionally qualified financial manager.

Initially the individual will manage the planning function which requires liaison with marketing and operations staff in order to establish strategic long-term and short-term forecasts. It is expected that promotion to Finance Director will occur within 12 months.

This high profile role within a multinational structure has excellent prospects for rapid advancement within the UK and overseas.

The successful candidate, who will have had financial control or planning experience, should be innovative and enterprising. Well developed interpersonal skills and the ability to work well under pressure are essential.

The remuneration package will include a high base salary, bonus and fully expensed executive car. Relocation assistance will be provided where necessary.

For further information please telephone Keith Allen on 01-930 7850 or write enclosing brief details to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

LOCAL LONDON GROUP PLC
FINANCE DIRECTOR
from £35,000 + car and share option

The Group's principal activity is the acquisition of commercial properties, their conversion into business centres with full administrative services supporting small office units and their subsequent licensing and management.

The group's founding directors began operations in 1978 and brought the company to a highly successful USM flotation last year.

By the end of 1987, the group will be operating 16 business centres and generating licence fee income in excess of £6m.

The pace of this development and the group's flotation have created this opportunity for a qualified accountant to join the company as Director (designate) and give leadership and direction in all aspects of financial management. There will be a strong initial emphasis on the development of practical accounting policies and the enhancement of computerised systems.

This is a young dynamic company with considerable growth potential and the ideal candidate will have property experience in a fast-moving service sector business. The founders seek someone who can share the rewards of realising that potential by effective management and leadership of the company.

To apply, please send full career details, quoting reference 4073/L to Mike Smith, Executive Selection Division.

PEAT MARWICK
Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

FUJI INTERNATIONAL FINANCE LTD
Qualified Accountants for...

INTERNATIONAL INVESTMENT MANAGEMENT

Fuji International Finance Limited is the London investment banking subsidiary of one of the world's largest commercial banks. As a result of its innovative and active involvement in the international capital markets, the company has enjoyed a remarkably successful period of growth, both in volume and profitability of business.

Following the sustained superior performance of its client investments and the rapid increase in the volume of funds under global management, the Portfolio Management Division is providing an increasingly significant element of the company's success as a whole.

To keep pace with these developments, there is an opportunity for a qualified Accountant to take on a key rôle within the investment support area. The position carries both managerial and technical responsibilities for a team handling all aspects of international investment accounting. Whilst primarily involved in client accounting, the successful candidate will also have scope to participate in the continuing development of the Division's systems and in its support facilities.

Vital qualities are flexibility and imagination, combined with a professional qualification and previous relevant experience, gained in a similar securities area. In return, our client can offer a competitive salary and benefits package, with excellent prospects closely allied to future growth.

Please apply directly to Felicity Hother on 01-606 1706

Anderson, Squires Ltd.,
Bank Recruitment Specialists,
127 Cheapside, London EC2V 6BU

Anderson, Squires

Accountants

At BP Exploration our extensive oil and gas discovery programmes continue to meet with considerable success – not just in the North Sea, but on the UK mainland and in many other parts of the world.

With the level of investment involved, it is vital to manage judiciously every aspect of every activity. Our consequent introduction of new systems and expansion of planning and control activities has created a need for several well motivated people in a wide variety of areas: information systems development, project control, supervision of overseas activities, short-term planning and performance analysis.

Initially, you would be based at our offices in either the City of London, Southern England or Aberdeen. Such is the nature of our business, however, that you would be assured of travel both nationally and internationally, and as your career develops an overseas assignment would be a very real possibility.

Whether you have only recently qualified, have just begun a career in financial management, or are a seasoned professional, as long as you have the right blend of personality and commitment we can offer you high satisfaction, with a salary and benefits package to match.

If you would like to explore the possibility of joining us, please write or telephone for an application form to Jean Coombes, Senior Personnel Officer, The British Petroleum Company p.l.c., Britannic House, Moor Lane, London EC2Y 9BU. Tel: 01-920 3323.

BP is an equal opportunity employer.

BP Exploration Limited

INTERNATIONAL AUDIT
£20,000 to £24,000 + Car

Our client, an International Financial Services group is currently looking to recruit a young graduate Chartered Accountant for their head office operations based in the city of London. The role will focus on financial and management systems which includes computer audit and project reviews. Travelling on assignments basis is approximately 30-40% throughout the year covering all major financial cities. You must be able to communicate at the highest level and also be able to demonstrate your initiative and independence while on assignment.

The group regards the International Audit Services as the development ground for future Senior accounting role in the group's London office or overseas.

The remuneration offered will be dependent upon experience and will include a company car, non-contributory pension scheme and mortgage subsidy.
Ref no: 0503

For further details phone or write quoting reference to:
ACCOUNTANCY ASSOCIATES LIMITED
temp./perm. recruitment consultants
5 VIGO STREET LONDON W1X 1AH TELEPHONE 01 - 439 3388

International Audit
Brussels Attractive benefits package + car

Our client is a successful US industrial group (turnover USD 2.7 bn) with significant interests in the chemical sector in Europe. The regional audit function is based in Brussels and is responsible for the performance of financial reviews of subsidiaries and joint ventures in Europe.

As a result of an internal promotion within the group, our client seeks two senior auditors to undertake the planning and performance of audits. In addition to financial audits, there will be exposure to systems and operational reviews as well as some investigation work.

This challenging role which has considerable exposure to senior management involves a significant travel content.

Candidates (m/f) should be aged 26-35, having gained audit experience within a large public accounting firm or an industrial group. You should be fluent in English together with one other European language and should hold a recognised accounting qualification and/or a university degree.

Interested applicants should contact Frank Van de Voorde on Brussels 010 322 648 13 84 or send a comprehensive curriculum vitae to *Michael Page* International, Avenue Louise 350, Box 3, B-1050 Brussels, Belgium.

Michael Page International
Recruitment Consultants
London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Financial Accountant
Financial Services
c.£18k + Banking benefits N.W. London

This is an excellent opportunity for a recently qualified accountant to 'make their mark' in the rapidly changing financial services sector. Our client is a dynamic and substantial international banking and finance group.

Business expansion and very ambitious plans for its operations in the British market have created this new position where the emphasis will be on management of a busy department of 8, the production of management information, financial and statutory reporting plus considerable development work involving micro and mainframe computerised systems.

There is a strong 'people' element to the role and personal qualities of drive, maturity, and initiative are very important. A genuine interest in computerised financial systems is sought.

Career prospects within this growth orientated group should be very good.

Salary is for discussion as indicated supported by a comprehensive benefits package including mortgage subsidy, low cost pension and relocation where appropriate. *A fully financed car will be considered after a qualifying period subject to satisfactory performance.*

Please forward your C.V. to Phil Bainbridge, ref. B.35040, Selection Consultant, MSL International (UK) Ltd, Pilgrim House, 2/6 William Street, Windsor, Berks, SL4 0BA, or phone him on Windsor (0753) 842044, or Weybridge (0932) 48606 in the evenings or weekends. All applications will be treated in the strictest confidence.

MSL International
Executive Search and Selection

Newly Qualified Accountancy Appointments

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent PII examinations. We propose to publish the list in our issue of Thursday, March 5, which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per single column centimetre. Special positions are available by arrangement at premium rates of £52.00 per scc.

Guide to Recruitment Consultants

and entries in the Guide will be charged at £65.00 which will include company name, address and telephone number.

For further details, please telephone
Louise Hunter on 01-248 4864
Jane Liversidge on 01-248 5205
Daniel Berry on 01-248 4782
Emma Cox on 01-236 3769

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Investment Research
(Chartered Accountant)

Schroder Investment Management Limited is a wholly-owned operating subsidiary of J. Henry Schroder Wagg & Co. Limited, one of the leading U.K. merchant banks, and we are looking for a recently qualified chartered accountant seeking a career in investment research and fund management.

Candidates should hold an upper second class honours first degree and have passed all their professional examinations first time, preferably with one of the major accounting firms.

This is a particularly challenging position suitable for someone of above-average all round ability who is attracted by the possibility of rapid advancement. Career prospects within the Company and the Group are excellent.

We are offering a competitive salary together with an attractive range of benefits including mortgage subsidy, a generous non-contributory pension scheme, free lunches in our staff restaurant, and good holiday entitlement etc.

Applications, which should include a full curriculum vitae, will be treated in complete confidence and should be made to: Mr. John R. Lambert, Director of Operations, Schroder Investment Management Limited, 36 Old Jewry, London EC2R 8BS, quoting reference NT/1.

Schroder Investment Management

Schroders

FINANCIAL CONTROLLER
International Trading Group

ABU DHABI c. $40,000 p.a. plus benefits

We are a well established trading group based in Abu Dhabi. Our operations are extremely diverse and include both goods and services.

The financial controller will work closely with the local management to ensure the successful operation of the business and will be expected to formalise the internal accounting structure and to review management information systems at an early stage. There is a significant central accounting and systems team in addition to the finnce staff within the divisions.

Applicants for this position must be qualified accountants, preferably chartered, and aged between 35 and 45. They must possess excellent management skills, some of which will have been gained in an international environment, in addition to sound accounting and technical skills. Fluency in written and spoken Arabic is desirable but not mandatory.

In addition to the salary which is tax free there will be a company car, free furnished accommodation, annual air travel on leave and associated benefits.

Please send personal and career details to Box A0406,
Financial Times, 10 Cannon Street, London, EC4P 4BY.

Accountancy Appointments

募　集

ファイナンシャル・コンサルタント

C&L

クーパース・アンド・ライブランドには在英日系企業に対して会計監査、その他のコンサルティング・サービスを専門に行うチームがあります。そして、いまクーパースでは金融業界における日系企業顧客の皆様からのニーズの増大に対応するため、銀行、証券会社、その他の金融業のためのコンサルティング部門を拡大しております。

そこで、英語が堪能な日本人の方で、日本の大学の学位をお持ちの人材を募集しております。また、英国ないし米国の大学の学位その他の資格を取得されていればさらに歓迎致します。

日系の銀行でプランニングまたはファイナンスの部門で現在御活躍なさっており、スタッフとして、またはプランニングないしシステムプロジェクトマネイジメントとしての経験を含めて５年以上、上記の部門の業 務に携わっている方を特に優遇致します。

業務の内容としましては、急速に拡大しつつあるチームの一員としてロンドンをベースにコンサルティングの仕事に従事して頂くと共に、クーパースのニューヨーク及び東京事務所との連携業務をして頂きます。実 力登用制度ですので貴方の実力がいかんなく発揮でき、また十分報わ れることを保証致します。

クーパースのこのポストに応募ご希望の方は英文履歴書同封の上、下記の宛先までご連絡下さい。Quoting ref. 07/2, Murray MacFarlane, Coopers and Lybrand, Plumtree Court, London EC4A 4HT.

Coopers & Lybrand
Plumtree Court
London EC4A 4HT

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By recruiting the best, Allcoombes have sustained rapid and profitable growth firmly establishing their unique role as a multi-disciplinary practice offering Accounting and Legal expertise. It's principal areas of activity include corporate finance; insolvency; start ups and one-off projects.

The work is varied and demanding offering a challenge to intellectually and commercially astute individuals who can provide a fresh approach to a diversity of problems.

For further details, please contact: Accountancy Personnel, 63/65 Moorgate, London EC2R 6BH. Telephone: 01-628 8525

INTERNATIONAL INVESTMENT BANKING

Combining the securities expertise of a leading stock exchange member and the traditional merchant banking skills, our client was one of the first post-deregulation "broker-banks". This ability to lead has ensured continued expansion creating exciting opportunities for career accountants.

GROUP FINANCIAL ACCOUNTANT

Responsible for the production of group accounts, capital markets reporting, trading results commentries; the appointee will be a self-motivator with banking experience able to provide innovative input to major development projects.

£25–30,000 + Banking Benefits

CAPITAL MARKETS ACCOUNTANT

As financial advisor to the head of capital markets, the immediate project is the development of information requirements and the interpretation of business results. This is a highly challenging role offering exceptional prospects.

PROACTIVE SYSTEMS ACCOUNTANT

"Single minded, but not blinkered" is our clients requirement. This is a rare opportunity for a young Systems Specialist, ideally from a top computer consultancy, to participate in major ongoing systems appraisals.

For further details, please contact: Accountancy Personnel, 14 Great Castle Street London W1N 7AD. Telephone: 01-580 9188

Alfred McAlpine

DIVISIONAL ACCOUNTANT/ COMPANY SECRETARY

Six hour × 5 day week

SW1 — **Neg**

Unique opportunity offered by property subsidiary of major construction group for qualified/experienced candidate with commitments (e.g. family, sports training) precluding a full working week.

Position entails responsibility for management reporting, statutory accounting and supervision of all ancillary accounting tasks.

Candidates should be outgoing and computer literate, but most importantly prepared to give total commitment to this challenging role.

For further details, please contact: Accountancy Personnel, 63–65 Moorgate, LONDON EC2R 6BH. Telephone: 01-638 3955

CONFIDENTIAL

FINANCE AND ADMINISTRATION MANAGER

London — **£23,000 + Car**

An autonomous subsidiary of a £600m turnover group, our client commands 65% of a specialised commercial market and having doubled its turnover in three years expects to continue growing organically and by acquisition in related activities.

They seek a qualified and commercially orientated accountant to manage its financial and administration functions, and to take an active role in the development of the business.

The successful candidate, who will ideally be in his/her early 30's, can anticipate a board appointment within 24 months.

For further details, please contact: Accountancy Personnel, 6–8 Glen House, Stag Place, London SW1E 5AG. Telephone: 01-828 7555

Everglaze

FINANCE DIRECTOR DESIGNATE

NW London — **c£22,000 + Car + Profit Share**

Established over a decade ago, our client is recognised as a leader in the manufacture and supply of aluminium replacement windows to both the public and the trade.

An opening has arisen for a Qualified Accountant to undertake a dual role as a Financial Controller, and a Business Manager, actively participating in the company's continuing growth.

This is a demanding but highly rewarding role for a motivated individual ready for their first Directorship. Occasional travel to Europe is envisaged.

For further details, please contact: Accountancy Personnel, 63/65 Moorgate, London EC2R 6BH. Telephone: 01-638 3955

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Development Accountant

International Assignment, Bahrain

To £25,000 Tax Free, Excellent Benefits

This industrial complex has been promoted at government level and is a superb example of modern design and construction. Already working at capacity, it is staffed and operated by professional management and support staff. The position will report to the Finance Manager and be responsible for implementing computerised systems and reviewing accounting policies, making significant contributions to the enhancement of the financial and management accounting areas. Candidates, aged to early/mid thirties, will be qualified accountants, probably with experience of finance in industry and with the personality and drive to achieve high standards in a multinational environment. Benefits include car, accommodation, annual air fares, either on a married or single basis.
I.L. Duff, **Hoggett Bowers plc,** *1/2 Hanover Street,* **LONDON,** *W1R 9WB,* **01-734 6852.** *Ref: 18139/FT.*

Finance Director

High Quality Engineered Equipment

East Anglia, To £25,000, Bonus, Car

This is an opportunity to join the revitalised management team of a long-established £15m British engineering company which is now showing dramatic increases in turnover and profitability. Reporting to the Managing Director, the requirement is for a qualified accountant who can take full responsibility for the financial management of the company, drive the computerisation programme through to completion and lead the accounting, financial systems and shipping teams. Experience should include an understanding of mechanical engineering industry and particular expertise in manufacturing costing methods. However the overriding consideration is the strength of personality and vision necessary to participate in strategic decisions and make a positive contribution to the achievement of ambitious growth plans. The company is an autonomous subsidiary of a major group whose management style relies heavily on high-quality financial information, so this is a high profile role. Comprehensive benefits include a non-contributory pension and relocation assistance.
S.P. Spindler, **Hoggett Bowers plc,** *36 High Street, Eton,* **WINDSOR,** *SL4 6BD,* **0753 850851.** *Ref: 24080/FT.*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

Treasury Accountant

£17—£18,000 negotiable

LINK MANAGEMENT SELECTION

This privately owned international group who have superb offices in a central London location require a young professional to assist in the day-to-day running of their treasury department.

Reporting to the Corporate Finance Manager, your responsibilities will include: monitoring and controlling of both manual and computerised cash flow, liaison with group subsidiaries, banks and financial institutions, foreign exchange, the maintenance and control of the treasury system as well as production of monthly reports and special projects as directed by the Finance Manager.

Presently you will be working within the banking world or an accountancy firm and have gained relevant qualifications. You will have had P.C. experience or will be willing to become familiar with them. Your ability to work on your own initiative will be essential. You will be keen to make your next move into commerce with a progressive organisation who reward their staff with career development and attractive salary packages.

If you feel that you can meet this challenge please write with a CV to Jennifer Baker, LINK Management Selection, 24 Buckingham Gate, London SW1E 6LB. Tel. 01-834 3777.

HEAD OF FINANCE

NW LONDON

£25,000 – £30,000

The Jewish Welfare Board, the Jewish Blind Society and the JBG Housing Society are three substantial and long established charitable agencies, serving the needs of the elderly, mentally ill and the visually and physically handicapped. They have an excellent reputation in their fields for an effective, caring service to the community and people they serve, operating with a combined annual expenditure of about £12m.

An imminent retirement and a planned internal reorganisation have created a need for a new Head of Finance to support the three charities. As part of the respective management teams, the key priorities are to implement a responsive and cost effective structure, which will incorporate procedures for providing management information as well as a new data processing department. Beyond this, the role will manage about fifteen staff and will provide leadership and direction in the financial planning and control of the charities, reporting to the respective Executive Directors. It is anticipated that in time the services of the new finance and d.p. functions will be extended on a bureau basis to other agencies operating in similar fields.

Candidates must be qualified accountants with evidence of a successful career in a commercial or service environment. They will have practical experience of computer systems and of managing people. They should have energy and enthusiasm as well as an empathy with the aims and objectives of the organisations. Age: 35 to 50.

To apply, please write enclosing personal, career and salary information to:

Ian Tomisson, Executive Selection Division, Hacker Young Management Consultants, St. Alphage House, 2 Fore Street, London EC2Y 5DH.

HackerYoung MANAGEMENT CONSULTANTS

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successsful in the recent PII examinations. We propose to publish the list in our issue of Thursday, March 5, which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per single-column centimetre; special positions are available by arrangement at premium rates of £52.00 per scc.

GUIDE TO RECRUITMENT CONSULTANTS

and entries in the Guide will be charged at £65.00 which will include company name, address and telephone number.

For further details, please telephone

Louise Hunter on 01-248 4864 — **Jane Liversidge on 01-248 5205**
Daniel Berry on 01-248 4782 — **Emma Cox on 01-236 3769**

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

WEDNESDAYS. GENERAL/FINANCIAL APPOINTMENTS

THURSDAYS. ACCOUNTANCY APPOINTMENTS

Accountancy Appointments

ASSISTANT TAXATION MANAGER

London c.£27k package

3i is an independent private sector group whose business is the creative use of money. We provide long term investment capital to businesses of all sizes through innovative schemes tailored to meet their individual needs. We usually become involved with our customers at critical points of change in the development of their business – perhaps at start up, major expansion or through management buyouts.

As a result of the development of our Taxation Department we now have a requirement for an additional tax specialist.

The successful candidate will assist in the tax planning of the Group's affairs and in providing advice to management. Applicants must be experienced in tax planning for large organisations including, ideally, groups operating within the financial sector. In addition the job involves some corporate tax compliance work.

If you are a qualified accountant or lawyer with at least five years' corporate taxation experience, able to demonstrate both a high level of technical expertise and good interpersonal skills, we would like to hear from you.

Our attractive financial sector package includes a company car, profit sharing, concessionary mortgage, free medical insurance and a non-contributory pension scheme. *Please contact Paula Bates, Assistant Personnel Manager, on* 01-928 7822 for an application form or send a full CV to her at: Investors in Industry plc, 91 Waterloo Road, London SE1 8XP.

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A century-and-a-half of growth and development has made Legal & General one of the great names in general insurance, life and pensions.

With over £10 billion in management funds plus a complex portfolio of domestic and international investments over and above the normal requirements of any major business, corporate taxation with us offers an unusually broad professional scope.

Especially for the tax professionals who take up these senior-level appointments, both of which have arisen in our City-Based Group Taxation Department.

GROUP TAXATION

City
Neg. salary + car

Taxation Manager

The principal responsibility covers direct and indirect tax compliance for our domestic, and some overseas, operations. A role which involves preparation of tax computations, submissions and negotiations with Revenue Authorities, plus the determination and implementation of tax accounting principles throughout Legal & General.

A challenging assignment which certainly calls for a qualified accountant with excellent negotiating skills and considerable experience of UK taxation, particularly in the insurance sector.

Tax Planning Manager

The emphasis here is on co-ordinating Group tax planning and undertaking both tax planning and research projects for the UK and overseas.

We would prefer applicants to be fully qualified, although rather more emphasis will be placed on actual experience of international tax planning and advisory work. This strongly suggests that the right person will be a young professional looking for a major opportunity within corporate taxation.

In both cases, the ability to clarify complex tax issues, and explain them in a way which allows effective management decisions to be made, is an absolute prerequisite.

Salaries are negotiable and will reflect the importance we place on these positions. In addition the financial sector benefits package will include company car, subsidised mortage, private medical insurance and profit sharing.

For further details, please send a detailed c.v. to **P.J. O'Sullivan, Personnel Manager (Group), Legal & General Group plc, Temple Court, 11 Queen Victoria Street, London EC4N 4TP.**

Legal & General

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Appointments Advertising

£43 per single column centimetre. Premium positions will be charged £52 per single column centimetre.

For further information call:

Jane Liversidge
01-248 5205
Daniel Berry
01-248 4782
Emma Cox
01-236 3769

Henley Recruitment

Company Accountant/Secretary

South Bucks to £20,000 + Car
SENIOR MANAGEMENT POSITION

A privately-owned, medium-sized manufacturing Company is seeking a Company Accountant/Secretary due to the retirement of the current jobholder. This is the top financial position involving preparation of annual budgets, monthly management figures and the control of the overall corporate accounting operation plus the administration of the personnel, company secretarial and computer aspects of the Company.

This key position calls for a person with an eye for detail who wishes to become involved in the day-to-day functioning of a highly customer-orientated Company, much of whose output is exported.

The Company is looking for an accountant (preferably Cost and Management) with a sound industrial background, including some company secretarial exposure. Experience of a computerised accounts department is essential.

The Company operates a profit-sharing scheme and gives five weeks' annual holiday. Relocation assistance available, if necessary.

Please send full curriculum vitae to:

Sarah Wood
3 The Chestnuts, Lower Shiplake, Near Henley-on-Thames, Oxon RG9 3JZ.
Telephone: Wargrave (073 522) 3118

FINANCE DIRECTOR

Southern Home Counties **To £25,000 + car + benefits**

This is an exciting opportunity to become part of the management team of a £20m subsidiary of a major group which has extensive interests in the construction industry. The company is profitable and expanding, and needs a Finance Director who can contribute sound financial advice to the decision making process. Reporting to the Managing Director, the person appointed will have full responsibility for the Finance and Accounting function.

Candidates, ideally in their early 30s, must be qualified and will preferably have a background which includes experience in a capital intensive environment with associated high volume transactions. Familiarity with computerised systems and the ability to develop, implement and operate strong credit control procedures is essential.

Written applications, enclosing up-to-date C.V., should be submitted in strict confidence to Eric Sutton at our London address quoting reference no. 1041/7394.

ACCOUNTANCY & MANAGEMENT RECRUITMENT CONSULTANTS
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DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R ONS
TELEPHONE: 01-836 9501

Financial Controller

Southend, Essex **Salary package negotiable**

Our client is a specialist high technology printing group. They have achieved rapid yet highly profitable growth and are committed to an *expansionist policy. The enthusiastic and hard* working management team have identified the need to strengthen the group's financial expertise. Consequently a like minded Financial Controller is now sought to assist in achieving the desired objective of continued profitable growth.

The successful candidate will be a qualified accountant. An assertive, positive and energetic approach is essential combined with interpersonal and communicative skills in order to make a substantial contribution to corporate growth and development.

The remuneration package is negotiable and will reflect experience and potential. If you feel you can meet the demands this challenging position will make, apply *in confidence enclosing comprehensive* CV to:

BERKE FINE (ref: 8020)
Apsley House
Waterloo Lane
Chelmsford
Essex CM1 1BD

BERKE FINE

PLANT CONTROLLER

Avon circa £20,000 + car

Our client has an annual turnover of over £50m generated from the automotive industry product sales. The company employs over 1,700 people and is a subsidiary of a major American multi-national company.

As a result of promotion, an opportunity arises for an experienced management accountant to take over the plant controllership at the factory. With a staff of around 13 and ample computer facilities, this person will report to the plant manager and to the company finance director. The main function will be the generation and improvement of management accounting information with an emphasis on budgets and variance analysis. This person will work closely with the plant manager on the improvement of cost effective manufacturing methods.

Preferred candidates will be qualified cost and management accountants aged between 30 and 40 with several years senior management accounting experience in the engineering industry combined with a thorough understanding of engineering manufacturing processes.

This is an expanding company carrying out a substantial capital investment programme providing excellent opportunities for future management development.

In the first instance, please send brief personal and career details to Douglas G Mizon quoting reference F/757/M at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7RU.

Ernst & Whinney

Figure in our future

FINANCIAL ACCOUNTANT – LIFE

to c£19K package **Rural Hampshire**

TSB Trust Company is a major contender in the Life Assurance, General Insurance, Pensions and Unit Trust fields. Operating mainly on behalf of TSB's 7 million bank customers, the funds under management now stand at over £1 billion.

The Company is currently enjoying substantial growth and has exciting plans for development. This expansion has created the following career opportunity for a high-calibre Accountant at our Head Office in Andover.

Duties will include statutory accounts and returns, management accounts, budgets, plans and forecasts. Development of the reporting systems to reflect the Company's growth will be required, as will the provision of financial and other information as well as 'ad hoc' analysis work to the Board and other line managers.

The role will also involve representing the department on projects relating to the development of new products and systems. Life insurance experience would be an advantage, although not essential.

In return we offer excellent career prospects and a package which includes generous mortgage subsidy, non-contributory pension, profit share scheme, Christmas bonus and relocation assistance where appropriate.

To apply, please telephone or write for an application form to: Bill Brewer, Personnel Resourcing Manager, Personnel Department, TSB Trust Company Limited, Charlton Place, Andover, Hants SP10 1RE.
Tel: Andover (0264) 56789 ext 2161.

TSB TRUST COMPANY

FINANCIAL DIRECTOR

SOUTHEND AIRPORT, ESSEX
Up to £30,000 plus car plus travel benefits

We are a dynamic, fast growing and profitable charter and commuter airline based at Southend Airport. Turnover in the last 4 years has grown from £5m to £26m and is expected to be in the region of £35m for the current financial year. As part of a small but highly professional management team, the Financial Director will be required to appraise operational activity, direct strategy and implement new and cost effective systems.

The successful candidate will be a qualified Chartered Accountant aged between 28-35 years with at least 5 years' post qualification experience in industry/commerce. An assertive, positive and energetic approach is essential in order to make a substantial contribution to corporate growth and development.

An attractive remunerative package is offered with opportunities for travel through the Group's interline facilities.

Interested applicants should write to the Managing Director, Box A0385, Financial Times 10 Cannon Street, London EC4P 4BY

Chief Accountant

... with a growing market leader

c.£20,000 + Car East Midlands

Our client is a market leader in the food industry, with a turnover of around £100m. Profitability is sound and the company is poised for continued growth.

Reporting to the Finance Director you will be responsible for financial accounting, control of multi-site operations and systems development. You will also contribute to the formulation of future business plans and policy. This is a challenging role in a secure and dynamic environment.

The successful candidate will be a chartered accountant, 30+ and preferably an energetic graduate. You will have a proven record of achievements managing and motivating staff in a large company environment. The ability to use modern accounting techniques and sophisticated computerised systems is essential.

The attractive salary is supplemented by car, private medical insurance, pension and generous relocation expenses if necessary, to a very attractive rural area. Career development opportunities are excellent.

Please write with full career details, these will be forwarded direct to our client. Please list on a separate sheet any companies to whom your details should not be sent. John Lilley, ref. 200/36/1.

MSL International, 12th Floor, Centre City Tower, 7 Hill Street, Birmingham B5 4UA.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International
Executive Search and Selection

FINANCE DIRECTOR

Lake district Up to £20,000, car

This is an exciting opportunity with a small, successful and expanding private group engaged in house building and project management with prestigious clients.

Working closely with the Managing Director, the Finance Director will support the group's development programme leading to a USM listing. Immediate priorities include enhancing the management information and reporting systems, cash management and project appraisal.

Candidates should be graduate, qualified accountants with good all round accounting experience gained in the private sector. Initiative, good communication skills and a practical approach are essential. Age 27-35 years.

The remuneration will include a car and benefits, including assistance with relocation where necessary.

Please write in confidence quoting reference FD/3 to Peter Evans, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
Century House, 7 Tib Lane, Manchester M2 6DS

Accountancy Appointments

Group Accountant

Diversified Service Group

c£24,000 **N.E. London**

The principal activity of this diversified international group is providing cable engineering services with associated civil engineering work: other companies are engaged in building construction, steel fabrication and leisure services. Founded over thirty years ago it employs some 2,500 people.

This is a new appointment designed to strengthen the existing team at group head office and responsibilities will cover the whole range of financial, management and sales accounting systems for the group as well as the main subsidiary described above. A new computer has recently been introduced with links to branch offices and subsidiary companies. Some forty people are employed in the finance department.

This appointment offers an excellent opportunity for a suitably qualified accountant with experience in industry or commerce to make a significant contribution to the improvement and implementation of modern financial control systems in an expanding and profitable group.

Please write – in confidence – stating how the requirements are met, to David Bennell, ref. B.43859.

MSL International, 52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International
Executive Search and Selection

DIRECTOR OF BUDGET AND FINANCE

Qualified Accountant
Up To US $60,000 Tax Free Plus Substantial Benefits
Nigeria

The International Institute of Tropical Agriculture (IITA) invites applications from qualified candidates for the senior position of Director of Budget and Finance.

IITA is an international agricultural research institute in a world-wide consortium of 13 centres organised by the World Bank, FAO and the United Nations Development Program.

With headquarters in Ibadan, Nigeria, the Institute has outreach programs in many countries of Sub-Saharan Africa. IITA scientists from 45 nations work in partnership with national agricultural agencies to raise the productivity and income of family farmers and thereby to increase food production in less developed countries.

The Director of Budget and Finance has direct responsibility for the entire financial and accounting aspects of the Institute. He will also play a major role in the integration of financial information through EDP systems.

The person appointed will have a professional accounting qualification with practical experience of accounting and auditing at a senior level, preferably obtained with a major accounting and auditing firm. Treasury and Data Progressing experience are also essential. Preference will be given to applicants who are in their mid-30's. *Experience in working in developing countries is desirable although not essential. Candidates must have an excellent command of English and knowledge of French is advantageous.*

Salary is competitive, and the very attractive tax-free remuneration package includes personal car, children's home educational allowances, highly subsidised housing and other benefits. The Institute's headquarters research facilities, residential areas and extensive recreational facilities are situated on an attractive 1000 hectare campus outside Ibadan.

Replies, in the form of a detailed curriculum vitae, which will be treated in the strictest confidence, should be sent in the first instance to: **Geoff Walker, Managing Director, Jarvis Reed Advertising Ltd, 3rd Floor, 4 Mosley Street, Newcastle upon Tyne NE1 1DE, Tel: (091) 232 8947,** *who is advising on this appointment.*

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Director of Finance & Administration

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Based in Milton Keynes, Scania, the commercial vehicle division of the Saab-Scania Group, is one of the world's most successful commercial vehicle manufacturers. Scania Vehicles are marketed in more than 80 countries worldwide and have established an enviable reputation as a premium product.

Scania (Great Britain) Ltd is a Saab-Scania subsidiary and has the responsibility for marketing the Scania products and services throughout the U.K.

As with any major organisation, strategic Financial Management is fundamental to success, and due to senior board level promotion, our client is currently seeking to appoint a Director of Finance and Administration whose input will have a direct influence on the future of the company.

The role will take you beyond the traditional parameters of Financial Management — involving you closely with developing and implementing corporate procedures within their Personnel, Administration, Data Processing and General Business Management functions.

Aged 35-45, you will have extensive experience of managing a similar sized financial function. This should have included the development of computer systems for budgetary management, and the *strategic planning and implementation of long-term* financial objectives.

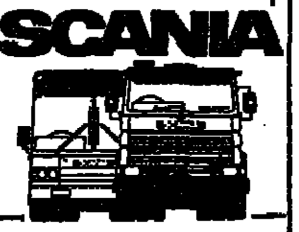
On a more personal level, you will need excellent communicative and man management skills coupled with the professional stature necessary to build credibility at the highest level.

The rewards will fully reflect how importantly my client views this position, and you can expect a competitive salary, company car and a full range of executive benefits.

For more details, write with full career details and quoting reference *PK 1239 to KHM Associates, 1 New* Bond Street, London W1Y 9PE.

KHM ASSOCIATES
1 New Bond Street
London W1Y 9PE

SCANIA



FINANCE DIRECTOR — DESIGNATE

South Herts. c.£30,000 + car

Our clients are world leaders in the provision of a wide range of specialised services in the field of health care and have an excellent reputation worldwide.

Having identified new fields offering scope for substantial development, their size is set to increase significantly in the short and *medium term. In the near future* they will be seeking a placing on the USM.

A Finance Director — Designate is required who will assume responsibility for all finance and accounting matters and, working closely with senior directors, have responsibility for the negotiation of contracts and the raising of finance for projects worldwide.

Candidates must be qualified accountants, preferably chartered, with excellent technical skills and previous exposure to the City. This is a demanding role and a strong personality, maturity and self-confidence will be essential to deal successfully with a vast range of contacts in the UK and overseas.

Please reply in confidence, enclosing full career details and quoting reference 6181/L, to Anne Routledge, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Financial Controller

to £25,000 + car

Our client is a *rapidly expanding group of private* companies providing market information services to the healthcare industry. With headquarters in Loughborough and subsidiaries in Southern England and North America it is about to enlarge its successful business considerably in international markets. A public listing is envisaged in the medium term.

A member of the top management team, at a particularly exciting time in the company's development, the Financial Controller, will work with *Managing* Directors of subsidiary companies and the Group Chief Executive and will be responsible for developing and implementing Management Information Systems, cost and budgetary control and statutory reporting.

This is an exciting opportunity for an ambitious Chartered Accountant, aged 28-35 with 4 to 5 years *commercial experience* in a company with good financial controls, ideally in the services sector.

In addition to salary other benefits include a good pension scheme and help with costs of removal if appropriate.

Candidates please write, in confidence, giving details of age, experience, qualifications and present earnings, quoting Ref 968/FT. No information will be divulged to our client without your permission.

CB-Linnell Limited
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NOTTINGHAM · LONDON

COLGATE-PALMOLIVE LIMITED

International Accountant

AN EXCITING CAREER OPPORTUNITY

North West based **Circa £17,000**

This prestigious organisation is well aware of the utmost importance of having modern sophisticated financial and management accounting information and systems. The company therefore has, over a period of years, developed a progressive career path for a limited number of exceptional young accountants ***who are looking for a real future.***

An initial period of approximately 18 months will give the successful applicant a broad exposure to accounting operations, line and staff, and specific project work will cover financial, brand and cost accountancy. As this work could be at the UK manufacturing base in the North West or London headquarters, some flexibility in terms of mobility and location is required. Indeed these positions will ultimately lead to more senior roles which could be based either in the UK or overseas. Candidates, probably aged in their *middle* 20's, must be qualified accountants currently working either in the profession or in industry. Demonstrably high interpersonal skills, coupled with enthusiasm and the desire to be a member of a winning team, are also essential requirements.

Interested applicants (male or female) ***should*** **send a detailed CV or request an application form from the Consultants who are handling this assignment, quoting reference 1170/FT. Telephone: 0625 533364 (24 hours).**

Wickland Westcott & Partners
LONDON PARIS BRUSSELS DUBLIN
Executive Selection/Management Development
Springfield House, Water Lane, Wilmslow, Cheshire SK9 5QS.
Telephone: (0625) 532446.

Assistant Controller

Windsor **To £21,000+Car**

Our client, a diversified computer leasing and maintenance services group is currently merging with a major US conglomerate. The merger will enable the company to maintain its 40% growth record and accelerate planned expansion in the US and European markets.

The need to maintain the highest standard of management information has created this new broad and challenging role.

Reporting to the European Controller, the successful candidate will be responsible for setting up, implementing and interpreting management accounting and information systems for the company's UK divisional operations. This will involve preparing budgets, forecasts, undertaking performance analysis and direct liaison with senior operational management. Additional areas of interest will include international treasury and ad hoc projects. Suitable candidates will be either recently qualified accountants with the ability to develop within a fast-moving environment or qualified accountants with relevant experience.

For further information, please apply directly to Suzzane Wood on 0753 857181 or evenings on 01-876 5405.

Robert Half Personnel, Mountbatten House, Victoria Street, Windsor, Berks SL4 1HE.

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS

Divisional Accountant

Balfour Beatty Construction International Limited, an operating company within the BICC group of companies, is a successful British company engaged in major civil engineering and building construction on an international scale. We are now looking for a Divisional Accountant to take on the substantial responsibility of ensuring that the Company is provided with an effective accountancy service, both in the UK and overseas.

Supervising our Central Accounts Department and reporting directly to the Company Accountant, you will be responsible for executing accountancy, budgetary and administrative procedures to Company requirements, as well as monitoring contracts and units to ensure the satisfactory operation of accountancy procedures and systems.

In addition, your wide-ranging responsibilities will include the provision of accountancy services on UK expenditure to overseas contracts and units, along with the preparation of Company operating accounts, financial accounts, ancillary financial information, and of course financial information for budgets and strategic plans.

And you will also be required to monitor Company facilities, recording and progressing capital expenditure against authorisation within the Company, and assisting in the management of the Company's foreign exchange matters.

As you'll appreciate, this is a significant position within BBCIL, and offers regular overseas travel to our main operating areas.

A salary commensurate with the high level of this appointment is being offered — along with the normal large company fringe benefits package, which includes a Company car.

Please either send your CV to the following address or telephone for an application form: Mr J H Moses, Personnel Manager, Balfour Beatty Construction International Limited, Randolph House, Wellesley Road, Croydon CR9 3QD. Telephone — 01-686 0555 ext. 236.

BB Balfour Beatty
THE INTERNATIONAL ENGINEERING AND CONSTRUCTION GROUP

Divisional Financial Controller

Up to £25,000 p.a. plus car.
London

Our client is based close to the City and is an expanding and profitable group with property and construction interests in the London area. A Divisional Financial Controller is sought to report to the Chief Executive and to be responsible for a team producing standard accounts and financial information.

The post calls for a qualified accountant with experience of introducing and operating computerised accounts systems in a multi-company group. A knowledge of management and statutory accounts, budgets, payroll and credit control is also required.

This is an excellent opportunity to work in a practical and challenging environment and to contribute to a vigorous and fast-growing organisation.

Applicants up to their mid-forties are asked to write, with a CV and daytime telephone number, quoting reference 1489 to:-

BinderHamlyn
MANAGEMENT CONSULTANTS
Trevor Austin, Executive Selection Division
Binder Hamlyn Managements Consultants
8 St Bride Street, London EC4A 4DA

Finance Controller
Company Secretary

(Director Designate)

City **£20,000-£25,000 + benefits + car**

Medium-sized Group involved in the Packaging Industry importing products worldwide, require a qualified Accountant who is well versed in all technical aspects, whilst managing the secretarial, administration and personnel functions in a busy environment. A knowledge of taxation would be helpful.

As well as responsibility for your Department, you will ensure effective control over Group finances and the further development of our computerised systems.

Personal qualities must include commercial awareness; a strong character able to get the best from staff and the ability to work within a small, flexible management team. Preferred age 35-45.

Please send your detailed C.V. with salary details, in strict confidence to:

Mr N. E. Quiney
Ridley Quiney & Co Ltd
32-38 Saffron Hill
London EC1N 8FH

Accountancy Appointments

inmac
EUROPEAN FINANCIAL CONTROLLER

Bracknell **c.£35,000 + bonus + car**

Our client is the world's leading direct mail marketer of computer supplies, accessories, furniture and data communications products, with operations in the USA, UK, France, West Germany, Sweden and the Netherlands. European sales are making a substantial contribution to world wide revenues and strategic direction is giving further momentum to this trend.

Promotion of the present European Financial Controller into a line role necessitates his early replacement. This well established function reports to the Corporate Controller in California and provides key support to European general management on all aspects of financial planning and management.

The appointee will probably be a chartered accountant with fluency in at least two European languages. Essential requirements include at least five years European management experience, a high level of computer literacy, previous acquaintance with US business practices, a strong commercial orientation, a capacity for considerable travel and consequently protracted working hours.

Please write, in confidence, quoting reference 3301/L to Mike Blanckenhagen,. Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Financial Accountant
JOIN A COMPANY WHERE YOUR LOYALTY WILL BE WELL REWARDED

Central London *c£28K*

Our client is a major retailing organisation whose branches have been a familiar sight in nearly 100 high streets for many years. In keeping with their management style they are already planning for the retirement of the existing job holder. They are seeking a qualified Certified/ Chartered Accountant, aged 30-38 to be groomed for this challenging position.

Based at the company's Head Office complex in the West End the financial division is computerised using IBM. The major responsibilities of this position centre on financial accounting and management accounts reporting with special emphasis on measuring performance against set plans. Equally important will be the day to day management of the accounting staff. Some project work will also be involved.

Applicants should be able to demonstrate a record of commercial experience particularly within a highly systemised and structured environment and preferably within a multi-site business. You should also possess the necessary man-management and communication skills.

In addition to this excellent salary other benefits include pension/life assurance scheme, annual bonus, staff discount and job security.

If you have had a stable work history, are in good health and believe you have the experience detailed above, in the first instance, in confidence, phone Victoria Phillpot on

01-405 9126.

All interviews will be held with the client company

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01-248 5205

Daniel Berry
01-248 4782

Emma Cox
01-236 3769

Unlimited opportunity
GROUP FINANCIAL SERVICES MANAGER

£27,500 + car + profit share + financial sector benefits

Abbey National, already a market leader in its field, is building on its enviable reputation for innovation and efficiency to make full use of the opportunities provided by recent legislation. Through the effective use and development of our resources of 8,000 staff and £23bn assets, we are extending our financial services into a range of exciting new markets.

We are offering an ambitious, professional accountant the challenge of managing our group financial services within this rapidly changing environment. Reporting to the Group Financial Controller and leading a team of 16, you will be responsible for all aspects of financial accounting; financial modelling and forecasting; and taxation, including Income, Corporation and Value Added taxes.

The ideal applicant will be a graduate ACA, with an extensive knowledge of the financial services industry. Creativity and leadership skills must be coupled with a well balanced personality.

The career prospects are excellent, with opportunities to diversify into areas such as Treasury, Banking or into one of our new businesses. The salary is accompanied by a car and the range of benefits to be expected of a large financial institution, including relocation assistance where appropriate.

Please write for an application package to Bill Whitehead, Personnel Officer, Abbey National Building Society, Abbey House, Baker Street, London NW1 6XL.

The closing date for applications which are invited from all sections of the community is 20 February 1987.

ABBEY NATIONAL BUILDING SOCIETY

SECURITIES SECTOR
City

Our client is a consortium of stockbrokers now seeking to strengthen its financial management team with two appointments, both reporting directly to the Finance Director.

FINANCE CONTROLLER
up to £30,000

The Finance Controller must be a qualified Chartered Accountant with a strong technical background and broad knowledge to include tax, treasury, computer systems and Stock Exchange regulations. Some post qualification experience in the financial services sector is necessary and personal qualities such as tact, enthusiasm and good communication skills are particularly important. Reference 3654/1.

COMPLIANCE OFFICER
up to £25,000

A Compliance Officer with knowledge of security dealing and Stock Exchange rules is required. A main function of the job will be to improve efficiency through further development of internal controls and internal audit. This position is a good "stepping stone" for a young Chartered Accountant or Solicitor. Reference 3654/2.

These positions are challenging opportunities for experience in a start-up situation with good growth prospects. Both packages include attractive benefits.

Please write in confidence, enclosing full career details and quoting the appropriate reference number, to Catherine Rowan, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

EUROPEAN BASE

ACAs 22-35 **neg to £30,000**

No less than SEVEN YOUNG ACAS with first-class professional backgrounds are required for our US MULTINATIONAL clients for high profile internal consultancy projects EUROPE wide. Please apply if you wish to travel and have a second European language facility e.g. FRENCH, GERMAN, ITALIAN, DUTCH, SPANISH, etc. A full client specification is available to you through our LONDON offices.

UNITED STATES TRAVEL

ACAs/CAs 22-28
neg to £30,000 package

Our LONDON based client has major subsidiaries in the USA and AUSTRALIA which are regularly visited throughout the year. Graduate accountants with positive personalities are required for positions with high visibility to senior financial management.

EUROPEAN BANKING

ACAs/AIBs **neg to £21-£25,000**

Five vacancies for LONDON small based BANK AUDITORS to work in high powered teams with a 25% EUROPEAN travel content.

Please contact GEORGE D MAXWELL or TIM WINGHAM,
ACCOUNTANCY APPOINTMENTS EUROPE,
1-3 Mortimer Street, London W1.
Telephone 01-580 7739/7695 (direct) or 01-637 5277 ext. 281/282.

SENIOR INTERNAL AUDITOR

SOLIHULL **c.£27k package**

3i is the world's largest source of private venture capital and we provide equity and loan finance to companies worldwide.

Our Senior Internal Auditor is transferring to our Treasury Department. We now have a vacancy for a qualified chartered accountant with four years' post-qualifying experience which should include computer auditing within a large professional firm. We are seeking someone with management experience to head up a small professional audit team within our new Solihull offices.

The successful candidate will manage and develop our financial and operational audits, including the development of computer audit programmes. The work will also involve auditing our overseas subsidiaries.

Our attractive financial sector package includes a company car, concessionary mortgage scheme, profit sharing, free medical insurance and a non-contributory pension scheme.

Interested?

Please contact Jo Dean on 01-928 7822 or 021-704 5181 for an application form. Investors in Industry plc, 31 Homer Road, Solihull, West Midlands B91 3QA.

THE CREATIVE USE OF MONEY.

FINANCIAL CONTROLLER

London **c.£25,000 + car**

Our client is an established and successful company manufacturing a range of fast-moving products in a growing, highly competitive market. It has recently opened a new, purpose built factory in Wales to complement its London plant and to cope with increased production resulting from a joint venture with a large US corporation.

A Financial Controller is required who will assume responsibility for all financial accounting activities of the two locations and also become involved in a broad range of other activities including treasury, taxation, ECGD and liaison with bankers, auditors and regional development authorities. There are close financial links with the US partner and some knowledge of US reporting standards would be helpful. The appointment reports to the Group Financial Director.

Candidates should be qualified accountants, with a minimum of 2 years post qualification experience, ideally gained in a manufacturing plant. A strong but flexible personal style is needed to successfully manage and motivate staff in a changing environment.

Please write in confidence, quoting reference 6629/L, to Valerie Fairbank, Excutive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

—RETAIL—

FINANCIAL ACCTS. PLUS

A division of a major retailing group seeks a young qualified accountant for a senior financial accounting role. Supervising a small professional team, responsibilities will not only include the control and preparation of financial accounts but also assisting the Finance Director in the analysis of business problems and other ad hoc projects. Candidates should be qualified ACA/ACCA, under 30, with a keen interest in retailing and excellent communications skills. Career prospects within the group are outstanding. Ref: LMS.

C. LONDON **£20,000 pkg + Car**

DEVELOPMENT ROLE

Now part of a diverse privately owned group our client, an established retail company is gearing up for a major growth phase. An opportunity has arisen for an experienced qualified accountant to contribute to the company's development as No. 2 to the Finance Director. Managing a staff of 12 generating day to day financial reports the position will primarily be involved in management accounting, providing information impacting directly on the business. Suitable candidates aged 28-40 must offer a thorough knowledge of computerised systems. Ref: PAB.

C. LONDON **£18,000 + Car**

ROMAN HOUSE, WOOD STREET,
LONDON EC2B 2JQ. 01-638 5191.

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS

Group Financial Analyst

£22k+ ***South East France***

Are you looking to expand your career and to give it a European dimension?

If so, this opportunity to join the European Finance Headquarters of a major U.S. multinational should be highly attractive to you.

The H.Q. is situated in South East France close to the Swiss border. It is within easy reach of Lyon, Geneva, Basle, and the Mediterranean coast, with direct motorway access to Paris.

As a member of a small high calibre and international team, the person appointed will take responsibility for the strategic review of the group. The role is wide-ranging and embraces the ongoing analysis of plan and performance within the sector for each unit. He/She will be reporting direct to the Group Controller. Applicants, aged around 30, should be qualified accountants.

As you would expect from a leading international company, the salary and benefits as well as the location are highly attractive, with genuine prospects for career development.

Austin Knight have been retained to advise on this appointment. Please telephone Terry Kennedy on (0784) 39103 (day), or (0784) 33396 (evenings/weekends). Alternatively send him your c.v. at Austin Knight Selection, Knightway House, Band Lane, Egham, Surrey TW20 9NX, quoting ref: YS 155.

Austin Knight Selection

FINANCE MANAGER
Saudi Arabia

Based in Jeddah, the Finance Manager will report directly to senior management on all aspects of financial performance, controls, budgeting and future plans.

The successful candidate will be a qualified Chartered Accountant who will possess a sound commercial background allied with a minimum of 3 years' experience preferably gained from food related or f.m.c.g. environment.

Familiarity with computerised systems and their development is essential. Applicants will be experienced in the provision of detailed monthly management information and a working knowledge of foreign exchange dealing and import and export documentation is also expected. This is an excellent opportunity for an ambitious accountant with good interpersonal skills to work as a member of a small management team in a company which is both well established and expanding.

The financial package on offer is attractive and includes extensive benefits including a company car, free accommodation, a performance related bonus scheme and paid leave with free air travel.

Please contact R. T. W. Stocker on 041-221 4166 for further details or write to him at the address below.

Accounting Staff Appointments
134 St Vincent Street
Glasgow G2 5JU.

Telephone:
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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday February 5 1987

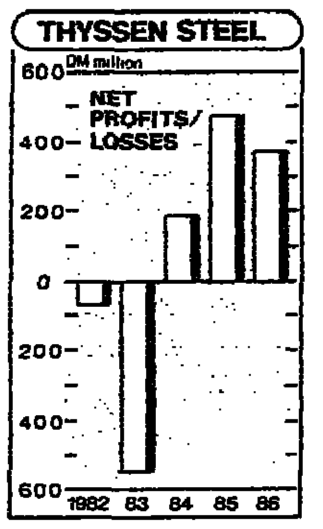
Thyssen turnover suffers from decline in dollar

BY PETER BRUCE IN DÜSSELDORF

TURNOVER at Thyssen, West Germany's biggest steel and engineering concern, fell 22.1 per cent in the first quarter of its 1986-87 year, following a 30 per cent fall in group pre-tax profits last year.

Mr Dieter Spethmann, Thyssen's chairman, blamed the three-month drop in turnover on the strength of the D-Mark against the dollar and the fall in full-year profits, to DM 760m ($422m), on costly rationalisation in its steel division.

He also launched a stinging attack on US efforts to stem the flow of machine tool imports, saying that German successes in the US market had "nothing to do with unfair trading practices but rather with advantages in the performance of our products."



Thyssen's machine tool subsidiaries are part of its capital goods division, where pre-tax profits rose almost DM 100m to DM 276.2m, easily the best performance in the group last year.

Overall last year, Thyssen booked DM 390m profit after tax, a fall of nearly 37 per cent. External group turnover fell from DM 34.7bn to DM 31.9bn.

Despite the drop in profits and, more recently, the fall in turnover, Mr Spethmann pronounced himself confident and satisfied. The first quarter sales figures, he said, were so heavily affected by currency differences that "they say little about the state of the business." All the divisions except steel would make profits this year, he said.

He confirmed that Thyssen Stahl, Western Europe's biggest private sector steelmaker, was already in the red and would remain so for the year. Pre-tax profits at Thyssen Stahl last year fell to DM 288.1m from nearly DM 700m.

Although the fall of the dollar had cut the cost of importing the raw materials used to make steel, Mr Spethmann warned that it was not enough to balance out negative repercussions.

Steel prices fell sharply last year in Europe and he spoke of "chaos" in steel markets in the second half of last year. The company was considering withdrawing from the heavy plate, sections and wire rod markets, where price competition is intense.

Profits at steel were also put under pressure by a decision to repay DM 127m last year in restructuring aid given to it by the state. The move puts political pressure on domestic competitors – most of which owe the Federal and Länder (state) governments much more than Thyssen – to do likewise.

Mr Spethmann, putting down a marker as the European steel industry enters another turbulent period and as a new argument forms about where capacity should be cut, said he believed West German steelmaking potential should not fall below 35m tonnes.

Although the steel division last year increased its share of total turnover by one point to 27 per cent, Mr Spethmann insisted that the company's shares were not "steel shares." He complained that the markets had ignored this since the middle of December – Thyssen stock has fallen some 26 per cent in the past seven weeks.

The group plans to pay an unchanged 10 per cent dividend for last year.

Sears back in the black

By William Hall in New York

SEARS ROEBUCK, the big retailing group and financial services conglomerate whose earnings have stagnated for the past three years, yesterday reported a 2.5 per cent rise in 1986 net income to $1.35bn, or $3.62 a share.

The group earned $543m or $1.45 a share in its final quarter, compared with $552.3m or $1.50 in the same period of 1985. Fourth-quarter revenues rose 7.4 per cent to $12.97bn and full-year revenues rose 8.7 per cent to $44.28bn.

The 100-year-old group has been finding it difficult to push its earnings higher in the fast-changing retailing and financial services industry and earned less in 1986 than the $1.45bn or $4.01 a share it earned in 1984.

Mr Edward Brennan, chief executive, says that the elimination of investment tax credits, costs associated with discontinuing domestic operations of Sears World Trade, and increased provision for uncollectable accounts had a 20-cents-a-share negative impact on fourth-quarter income.

In addition, increased reserves for Lifo (Last in, First out) debt repayment affected fourth-quarter results by 10 cents a share. However, Sears' 1986 results benefitted from $109.7m of reduced pension expense. Sears Roebuck shares shed $¼ in early trading yesterday and were quoted at $46⅞.

Earnings from the group's core retailing operations, Sears Merchandising Group, slipped $29.7m to $736m in 1986, although revenues rose 2 per cent to $27.1bn. The Allstate Insurance group performed strongly, boosting its reported income by 24 per cent to $756.4m.

Dean Witter Financial Services reported a $37m loss for the year compared with net income of $13.1m in 1985. The securities related businesses, which broke even in 1985, reported operating income of $79.5m last year. However, a net after-tax loss of $106m was attributed to the recently-introduced Discover card.

Coldwell Banker Real Estate contributed $93.8m in 1986 compared with $86.1m in 1985 although both sets of figures were boosted by sales of shopping centres. Sears World Trade reported a $39.8m loss in 1986 compared with a loss of $10.5m in 1985.

Mr Brennan, who took over as chief executive at the beginning of last year, said he expected the US gross national product to rise slightly faster in 1987 than last year. Sears is looking for a 5.5 per cent rise in revenues of the general merchandise unit in 1987, and says that the housing market should continue to be quite strong which will help Coldwell Banker.

Mr Brennan believes Allstate's financial results should continue to benefit from the upturn in the insurance industry and that the losses associated with the introduction of the Discover card should be lower in 1987 and the card should cross the break-even point and generate a profit in 1988.

New Zealand group spreads wings with Canadian purchase

Fletcher deal looks good on paper

The investment by Sir Ronald Trotter (right) ends months of uncertainty at British Columbia Forest Products, write Dai Hayward in Wellington and Bernard Simon in Toronto.

FLETCHER CHALLENGE, New Zealand's biggest industrial company, has become one of the world's largest producers of newsprint and paper pulp with the acquisition of a 47 per cent stake in British Columbia Forest Products.

The deal, worth C$507m (US$372m), increases Fletcher's already extensive newprint production capacity in New Zealand, Canada and South America.

It already owns Crown Forest of Canada. When this was bought in 1982, Fletcher hinted that the Canadian company would become a springboard for further expansion.

BC Forest and Crown had combined sales of C$1.13bn in the first half of 1986, close to the C$1.3bn posted by each of the two giants of the industry, Abitibi-Price and Macmillan Bloedel.

For BC Forest, Fletcher Challenge's investment ends eight months of nagging uncertainty about its ownership, and brings new opportunities. "It's the best thing that could happen," said Mr Richard Saucier, Forest Products analyst at Levesque Beaubien of Montreal.

BC Forest has prided itself on having the highest ratio of operating returns to sales among the leading British Columbia forest companies. Thanks to strong newsprint and pulp markets, net earnings almost doubled in the first nine months of last year to C$34.3m.

BCF's main sources of revenue are newsprint (45 per cent), lumber (27 per cent) and pulp (16 per cent). Its operations are centred in the rugged coastal part of British Columbia, but the company also has interests in Alberta, Quebec, and the US state of Minnesota.

Despite its strengths and the buoyancy of several key markets, BCF's debt burden of almost C$500m and uncertainty about its ownership have cast a shadow over its prospects. Its shares have been among the laggards in the booming forest products sector on the Toronto stock exchange.

As part of the purchase price, Fletcher plans to inject C$120m of new capital into BCF, cutting its debt-to-equity ratio from 55:45 to about 40:60. The more healthy balance sheet should give BCF greater flexibility to invest in new capacity.

The company has been keen for some time to expand the mill at Blondin Paper, its US coated-papers subsidiary, from its present capacity of 280,000 tonnes.

The question mark over BCF's ownership was raised last spring when two US shareholders sold their combined 41 per cent interest to Gordon Capital and Merrill Lynch Canada, two of Canada's most aggressive securities firms.

Even before BCF's management was mystified by the buyers' motives, a senior Merrill man said at the time that the new shareholders planned to hold on to their investment.

As things have turned out, Gordon and Merrill have preferred to take a handsome profit. The shares they bought for C$250m eight months ago are now being sold to Fletcher for more than C$380m.

Fletcher, headed by Sir Ronald Trotter, is likely to be more warmly welcomed by BCF's management. The company is widely respected for its efforts to re-invigorate Crown Forest, which it bought from the US group Crown Zellerbach. Crown has turned from three consecutive years of losses between 1982 and 1984 to net earnings of C$19.5m in the first nine months of last year.

For some time Fletcher has been pursuing a global strategy to develop its newsprint production and marketing, of which the move into BCF is part.

Last November it launched a NZ$1.5bn (US$817m) takeover bid for NZ Forest Products (NZFP), the largest forest domestic company. This is being resisted by the NZFP board, amid some acrimonious public exchanges between Mr Lyn Paps, NZFP chairman, and his counterpart Sir Ronald. The Bid is still not resolved.

In the same month, it gained a 50 per cent stake in Compania Manufacturera de Papelasy Cartones, a Chilean forestry company which is a large-scale manufacturer of pulp and paper and offers substantial reserves of timber.

For its latest financial year to last June, Fletcher achieved net profits of NZ$240.7m, up 33 per cent despite a slight dip in turnover to NZ$4.23bn.

Kaufhof to raise DM 210m with rights issue

BY ANDREW FISHER IN FRANKFURT

KAUFHOF, the West German stores group which last week announced an 8.4 per cent jump in sales for 1986, plans to raise DM 210m ($117m) through a rights issue to help finance investments.

The Cologne-based company said its spending would rise in 1987 to at least DM 350m from last year's DM 275m, itself well above the average of the past 10 years. In the next four to five years, it plans to spend around DM 1.4bn.

The rights issue, the latest of several recently announced by German companies against the background of weakening share prices, will involve the issue of new non-voting preference shares on a one-for-12 basis at DM 360 each. Its ordinary shares have been trading recently at about DM 500.

The preference shares will rank for a 2 per cent dividend beyond that paid on the ordinary shares. Kaufhof has not announced its 1986 dividend, which rose to DM 7 (14 per cent) for 1985 from DM 6.50.

The two largest shareholders, the Metro cash and carry chain no longer banned by the Cartel Office from raising its 24.9 per cent stake and Schweizerische Bankgesellschaft (UBS) with 17 per cent, intend to take up their rights.

The company said its 8.4 per cent rise in turnover last year to DM 9.2bn was accompanied by "a not inconsiderable" rise in profitability. In 1985, net profits were little changed at DM 53.7m against DM 52.5m.

Kaufhof's issue comes after last week's announcement by the Aachener und Münchener insurance group of a DM 1.34bn rights call, while Deutsche Babcock also plans an issue. The Government intends to raise some DM 3bn by selling its 25 per cent stake in the Veba energy group.

Stores and consumer-oriented shares have been a strong feature of the German stock market, which showed little net change in 1986 and has been falling

Fermenta wins bank backing for financial rescue proposal

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

FERMENTA, the embattled Swedish chemicals and antibiotics group, yesterday won the agreement of its four main Swedish banks to support the first stage of a financial rescue plan to stave off a looming liquidity crisis.

The banks – Svenska Handelsbanken, Götabanken, PKbanken and Nordbanken – have agreed to grant new loans to the group totalling SKr 110m ($17m).

At the same time, the four banks, which together account for more than half of Fermenta's total bank debt, have agreed to maintain their current loans totalling around SKr 1.5bn and suspend claims or repayments that have already fallen due.

They have also granted a moratorium on future repayments which will fall due over a period up to 12 months. Fermenta will meet all due interest payments.

Fermenta said last night that the deal with the Swedish banks is based on the assumption that the group's foreign banks, which number close to 50 and include Bank of America, Union Bank of Switzerland, Kansallis-Osake-Pankki of Finland and Den Norske Credit Bank of Norway as well as more than 30 small banks in Italy, will also support the rescue.

In a statement, the group said: "The agreement assumes that all Fermenta's creditors will accept a suspension of repayments on loans that have already fallen due and which will fall due."

In addition to the new loans from the four Swedish banks, Fermenta is also planning to raise new equity capital, believed to be in excess of SKr 150m.

The share issue, which was a primary condition for the banks agreeing to the debt package, will be made in the spring. Fermenta said that "substantial interest" had been shown by several companies and institutions in supporting the issue.

All existing shareholders would be approached for new capital, but the company said that "firm commitments" that had already been made, together with the new loans, were "sufficient to solve foreseeable financing needs".

Industrivärden, the Swedisch investment company which now holds some 46 per cent of the voting shares in Fermenta and which has been leading the rescue negotiations, together with Götabanken and Nordbanken, have granted Fermenta a temporary SKr 65m subordinated debenture as an advanced payment until the new equity issue can be completed.

Fermenta, which had around SKr 2.8bn in bank debts at the end of last year, faced an acute liquidity crisis over the next two weeks.

More than half of the company's debt is short-term and it was facing repayment of a $70m loan by the middle of this month.

"We would have had big problems in mid-February," said one senior executive in the company last night.

Tenneco dips to $31m at year-end

By Our Financial Staff

TENNECO, the Houston-based energy and agricultural equipment concern, yesterday reported net earnings from continuing operations of $31m, or 10 cents a share, compared with $41m, or 13 cents, in the 1985 period.

In the latest quarter, net from discontinued operations of $18m and an extraordinary charge of $46m reduced final net profits to $3m, compared with $43m, or 15 cents a share, in the last quarter of 1985.

Although profits fell in the final quarter, the result represents an improvement on that of the third quarter of 1986, when a loss of $249m from discontinued insurance operations caused a deficit of $246m.

For 1986 as a whole, Tenneco reported a fall in net profits from continuing operations to $139m, or 50 cents a share, from $171m, or 74 cents. After a loss from discontinued operations of $132m and a $46m extraordinary charge, there was a final net loss of $39m. This compares with a loss of $1m in 1985, which includes a $172m loss from discontinued operations.

Revenues last year fell from $15.2bn to $14.5bn, with a fall from $4.2bn to $32.6bn in the final quarter.

The energy business had operating income of $547m in 1986, against $888m in 1985, with the exploration and production division badly affected by the fall in oil and gas prices. The manufacturing segment, which includes the Case heavy equipment business and Newport News Shipbuilding, more than doubled operating income from $205m to $424m.

Bouygues lifts sales 74% after acquisition

BY PAUL BETTS IN PARIS

BOUYGUES, the leading French construction group, yesterday reported an 8 per cent increase in consolidated net profits of FFr 480m ($80.7m) last year compared with earnings of FFr 443m the year before.

Sales rose sharply by 74 per cent to FFr 45.8bn last year from FFr 26.3bn in 1985. This significant rise in turnover reflects Bouygues' takeover last year of Screg, another large French construction and civil engineering group.

This acquisition and furhter expansion by Bouygues has now made the French group the world's largest construction company. Bouygues' French construction business accounted for FFr 20.3bn of group sales last year and is expected to remain at the same level this year.

International construction business turnover is expected to fall this year to FFr 6.8bn from FFr 9.3bn last year.

The group's property activities are expected to increase with revenues of about FFr 8.1bn this year compared with FFr 6.9bn last year, while Bouygues' diversified operations are expected to show flat turnover of FFr 9.3bn this year.

Overall, the company expects total sales to show a small decline to FFr 44.5bn this year from their level of FFr 45.8bn lst year.

As a further diversification Bouygues is actively competing for a big stake in TF-1, the French national television network being privatised by the Government in coming weeks.

Bouygues is bidding against the Hachette and Havas groups for control of the chanel which the Government is expected to sell for FFr 4bn-FFr 4.5bn.

Air Inter ahead by 79%

BY OUR PARIS STAFF

AIR INTER, the main French domestic airline, raised its profits last year by 79 per cent to FFr 115.9m ($19.5m), on turnover up 11 per cent to FFr 6.29bn.

The state-controlled airline carried 11.8m passengers in 1986, 11 per cent more than the previous year, and recorded its best seat occupancy rate – 68.5 per cent – since the 1960s.

Lower fuel prices allowed Air Inter to keep its prices stable and counter the high-speed TGV trains which have taken a big slice of custom on some major routes, such as Paris-Lyons or Paris-Grenoble.

The Lyons route saw 4 per cent more traffic last year, while almost 6 per cent more passengers flew to Grenoble. Air Inter's most popular route, Paris-Marseilles, carried more than 1.5m passengers, up 8.6 per cent from 1985.

Air Inter's growth over the past year has been built on increased family traffic. The company claims to have won an extra 600,000 passengers through its reduced price family and weekend excursion tickets.

The strike on the French railways in December also gave Air Inter a boost, bringing an estimated 170,000 extra passengers.

Mr Pierre Eelsen, Air Inter president, expects the level of traffic to rise 6 per cent in 1987, with ticket prices kept at last year's levels and an effort made to improve the quality of service to business passengers.

GAN plans to restructure for sell-off

By George Graham in Paris

GAN, third biggest French state-owned insurance group, plans a company restructuring to prepare for privatisation.

Mr Francois Heilbronner, GAN's president since July last year, said the aim of the restructuring was to create a genuine holding company with its own financial resources and to separate the life assurance business from the fire and accident operations.

The sale of Assurances Générales de France (AGF), the first insurance company due to be privatised, has had to be delayed until the autumn, but GAN is expected to be ready for privatisation in 1988.

GAN's current structure has a central company without its own capital or powers, which Mr Heilbronner wants to convert into a holding company. In addition, the life assurance company, GAN Vie, holds 75 per cent of the accident and fire business, GAN IA.

GAN IA will also be re-organised to separate corporate insurance business from the personal sector.

A similar problem over the corporate structure contributed to the delay in privatising AGF, originally planned to come to the market in the first half of 1987.

Mr Heilbronner said that GAN's turnover in 1986 had risen by 14 per cent to FFr 19.5bn ($3.28bn).

AIBD BONDS INDICES
WEEKLY EUROBOND GUIDE JANUARY 30 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.488	0.024	10.138	8.450
Australian Dollar	14.416	+1.023	14.587	12.830
Canadian Dollar	9.767	+0.102	11.704	9.757
Euroguilder	6.206	−0.417	6.314	5.804
Euro Currency Unit	8.673	+0.837	9.477	8.164
Yen	5.935	−0.935	6.960	5.774
Sterling	10.822	+0.529	11.825	9.751
Deutschemark	6.179	+0.734	6.790	6.125

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INTL. COMPANIES AND FINANCE

Mexico poised to sell stakes in major banks

BY WILLIAM ORME IN MEXICO CITY

MEXICO's Government is to sell minority shares in two major state-run banks tomorrow as the start of an operation that some stockbrokers are calling a straightforward political giveway.

The sale fulfils a 1983 pledge by the Administration of President Miguel De La Madrid to return 34 per cent stakes in the banks to private hands, following expropriation in 1982 of the commercial banking system.

Business leaders have been unsuccessfully urging the Government fully to privatise a third of Mexico's banks as an alternative to the present plan of selling a maximum 34 per cent share in each. The Government, however, continues to assert that expropriation is "irreversible."

The bank's shares are being sold at prices far below their estimated market value to a restricted group of bank employees and clients. No individual investors may acquire more than 1 per cent of any bank's stock.

Tomorrow, shares will be sold in Bancomer and Banamex, while stocks in smaller banks will be distributed in coming weeks.

Bancomer and Banamex are Mexico's largest banks, each holding about a quarter of the entire commercial banking system's assets. Bancomer is selling initially 23 per cent of its shares at a total price of 38bn pesos (about $38m), while Banamex is selling the entire 34 per cent for 40bn pesos.

Bancomer's shares are being sold at about 1.5 times 1986 net earnings, while Banamex stock is being priced at 1.8 times earnings, stockbrokers said. Some of the more active shares on Mexico's booming stock exchange, traders note, sell on p/e of as much as eight.

A stockbroker said: "Once they hit the market, the bank stocks will climb sharply." The stocks, called Certificados de Aportacion Patrimonial – are "better and less risky than any corporate bonds," he said. "People are mortgaging their houses to buy these things."

Banamex, in a pattern typical of the bank stock sales, is reserving 12 per cent of the shares for its employees. This is seen in part as a compensation for "employee distress" at the growth of the rival "parallel" financial system of Mexico's private brokerage houses – growth that has hurt bank employees' wages. The brokerages will get 5 per cent of the shares.

The biggest chunk of Banamex stock – 17 per cent – is destined for a select list of major banks' customers that is reportedly weighted towards businessmen in Mexico's provinces. Private sector opposition to the bank nationalisation was sharpest in northern Mexican states.

"This is a hi-tech version of traditional PRI [Institutional Revolutionary Party] patronage," the stockbroker said, referring to the ruling party. "They call them convertible bonds, but what they really are is an old fashioned giveaway."

Levy 'set to hasten Renault's recovery'

By Kenneth Gooding, Motor Industry Correspondent

MR RAYMOND LEVY, the new chairman of Renault, the state-owned French vehicles group, will speed up the recovery plan established by his predecessor, the company's export director, Mr Christian Martin, predicted yesterday.

He said that Renault was already ahead of its target of breaking even financially by the end of 1987 and that the group's huge debt burden – FFr 60bn ($10bn) or about half the annual sales revenue – had not increased for several months.

Renault's losses in 1985 were FFr 10.9bn. They are expected to have been reduced substantially in 1986.

Mr Martin said the faster-than-predicted recovery would encourage Mr Levy to go ahead "stronger and faster" with the programme outlined by the previous chairman Mr Georges Besse, who was murdered outside his Paris home last November.

Mr Besse's plan involved Renault cutting its workforce by a quarter, reducing capacity and selling off peripheral operations so as to concentrate on its core business of vehicle production and sales.

Mr Levy left Paris for the US yesterday for a private visit to American Motors Corporation (AMC), Renault's 40 per cent-owned associate and the company over which the French group has management control.

Mr Martin, during the run-up to the Amsterdam Motor Show, said that, contrary to rumours which have been circulating widely in France, he did not believe Mr Levy had yet expressed any opinion about whether Renault should gradually disentangle itself from AMC, in which it has invested $750m since 1979.

He said AMC's sales of Renault Alliance and Encore models (sold in Europe as the Renault 9 and 11) are expected to fall to 60,000 this year after dropping from 125,000 in 1985 to 74,000 last year.

However, exports of a version of the medium-sized R21, to be called the Medallion in North America, would reach 40,000 this year and rise to 50,000 in 1988. Next year AMC will also build about 130 Renault Premiere cars at its new $650m facility at Brampton, Ontario. The Premiere is bigger than the R21, on which it is based, and will incorporate engines and transmissions from France.

Mr Martin said Renault – not including AMC – sold about 1.49m cars and 240,000 light commercial vehicles last year and expected to maintain that volume in 1987.

As total European car sales are forecast to weaken slightly, Renault should improve its share of Western European car markets by "a few tenths of a point."

Buoyant Banco Central plans to lift payout

By David White in Madrid

BANCO CENTRAL, the largest of Spain's commercial banks in terms of assets and deposits, is proposing to raise its dividend from Pta 115 to Pta 150 per Pta 500 nominal share, on profits which rose almost 40 per cent before tax last year.

The pre-tax earnings rise to Pta 26.62bn ($208m), is in line with the sharply improved profit trend announced by other leading Spanish banks. Unlike last year at the same stage, the bank did not announce a net figure.

Chairman Mr Alfonso Escamez's letter to sharholders attributed the improvement to the reduced cost of deposits and restraint on staff and other costs.

The result was after an increase of about 48 per cent in write-offs and provisions to Pta 46.22bn.

Mr Escamez said that all but one of Central's banking subsidiaries in Spain and overseas showed a pre-tax profit, the exception being Banco Internacional de Comercio.

Combined cash flow of the subsidiaries improved to Pta 23.86bn from Pta 9.57bn in 1985, with the recently troubled Banco de Valencia moving from a negative cash flow to a positive figure of more than Pta. 3bn.

Central last raised its dividend two years ago.

Diamond Shamrock $195m in the red

BY WILLIAM HALL IN NEW YORK

DIAMOND SHAMROCK, the Dallas energy group which earlier this week unveiled a massive restructuring in a bid to escape from the unfriendly overtures of Mr T. Boone Pickens, the Texas oilman, has reported a loss from continuing operations of $195.6m or $1.86 per share in 1986.

The company, which has been among the hardest hit by the slump in oil prices, lost $42.2m from continuing operations in the final quarter of 1986 compared with net income of $28.7m in the corresponding period of 1985. However, it says it posted positive cashflow from continuing operations of $211.7m in 1986.

Mr William Bricker, the company's chairman who is scheduled to resign following the restructuring, said that the fourth-quarter loss reflected "lower earnings from refining and marketing due to continued pressure on refining and retail price spreads, as well as depressed natural gas and crude oil prices which improved slightly at the end of the quarter.

He added that exploration earnings "were further reduced by higher international operating costs and leasehold and well impairments in North American operations."

Mr Bricker said that the company's worldwide oil production rose 38 per cent to 90,829 barrels per day (b/d) in the fourth quarter but the average price received fell 50 per cent from a year ago. Refined product sales continued to rise, by 5 per cent from a year ago to over 160,000 b/d, and the company's two refineries continued to operate near capacity, with crude oil throughput of 128,000 b/d.

The group's sales and operating revenues fell 24.8 per cent to $2.5bn. The company reported a net loss for 1986 of $115.6m, or $1.16 per share, compared with a net loss of $804.7m, or $5.09, in 1985.

The latest losses included a third-quarter writedown of oil, gas and coal assets and a first-quarter writedown of crude oil inventories to market values.

● Mr J. Hugh Liedtke, chief executive of Pennzoil for the past 25 years, has agreed to stay on to head the company after his normal retirement date.

The company said that in view of the protracted litigation with Texaco and the restructuring of the corporation, Mr Liedtke, Mr Bain Kerr, a former president of the company, and Mr Norman J. Luke, a group vice president, have agreed to continue their duties with the company beyond their normal retirement dates.

Pennzoil reported 1986 operating earnings of $94.5m, or $1.93 per share, compared with $188.2m, or $3.96, in 1985.

North American quarterly results

STANLEY WORKS
Industrial products

Fourth quarter	1986 $	1985 $
Revenue	394.3m	271m
Op. net profits	22.8m	23.1m
Op. net per share	0.53	0.55
Year		
Revenue	1.4bn	1bn
Op. net profits	77.9m	70.2m
Op. net per share	1.84	1.70

CHUBB
Insurance

Fourth quarter	1986 $	1985 $
Revenue	—	—
Op. net profits	55m	†52.3m
Op. net per share	1.30	†1.76
Year		
Revenue	—	—
Op. net profits	214.4m	10.9m
Op. net per share	5.63	0.03

† Loss

CLARK EQUIPMENT
Lifttrucks, machinery

Fourth quarter	1986 $	1985 $
Revenue	236.4m	255.6m
Op. net profits	†20.8m	†15.7m
Op. net per share	†1.11	†0.84
Year		
Revenue	954m	964.1m
Op. net profits	†63.6m	†65.5m
Op. net per share	†3.39	†5.16

† Loss

ALLIS-CHALMERS
Process equipment

Fourth quarter	1986 $	1985 $
Revenue	194.0m	213.2m
Net profits	†5.8m	511,000
Net per share	†0.52	†0.08
Year		
Revenue	771.2m	770.8m
Net profits	†6.6m	†168.4m
Net per share	†1.09	†12.27

† Loss

AMERICAN PETROFINA
Energy

Fourth quarter	1986 $	1985 $
Revenue	527.8m	657.7m
Net profits	5.03m	†39.4m
Net per share	0.41	†3.29
Year		
Revenue	2.02bn	2.42bn
Net profits	†24.6m	†10.2m
Net per share	†2.09	†0.85

† Loss

G. HEILEMANN BREWING
Brewing

Fourth quarter	1986 $	1985 $
Revenue	262.6m	280.4m
Net profits	7.3m	6.3m
Net per share	0.27	0.24
Year		
Revenue	1.33bn	1.33bn
Net profits	46.3m	43.8m
Net per share	1.83	1.65

Continued on Page 29

First Boston surges ahead

BY OUR NEW YORK STAFF

FIRST BOSTON, the Wall Street investment bank, increased its full-year net income by 38.5 per cent to $180.5m or $5.01 per fully diluted share, helped by a 73 per cent jump in fourth-quarter net income to $61.6m.

Mr Peter T. Buchanan, First Boston's chief executive, said that the company's performance reflected the momentum in the world capital markets.

"Together with our partner, Credit Suisse First Boston, we again were the leaders in global capital-raising for our clients. Domestically, all of our business segments made excellent progress with investment banking and equities leading the way," Mr Buchanan said.

While First Boston appears to have avoided the problems associated with rapid growth which have depressed the performance of some of its rivals, Mr Buchanan said, "increased management attention and financial resources are being focused on information systems, training and operating controls."

First Boston's revenues rose 47 per cent to $1.3bn in 1986 and its expenses rose 51 per cent to $1.1bn.

The company's profitability in the equity markets "improved substantially" over 1985, gains were made in several sectors of the fixed income business and First Boston's merger and acquisition group assisted 235 clients in transactions with a market value exceeding $75bn.

The fourth-quarter results were boosted by "excellent performance" in the new issue market together with a higher level of advisory fee income. Merchant banking activity, including the sale of some investments, also contributed to the final quarter performance as did the return of the mortgage products group to "a high level of profitability."

The group's total capital funds rose 31 per cent to $1.36bn in 1986 and the book value per share rose 25 per cent to $23.12.

Company Notice

NOTICE
TO NOTEHOLDERS OF
CAN$75,000,000
FEDERAL BUSINESS DEVELOPMENT BANK
9¼% NOTES
DUE NOVEMBER 28, 1990

Please be advised the Exchange Date for this issue will be April 21, 1987.

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

London's global ambitions signal aggressive mood

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

LONDON has been an important centre for trading foreign shares for many years. But the Stock Exchange's development plans to lead the global market, outlined yesterday, signal a highly aggressive stance which is likely to worry other exchanges around the world.

Established stock exchanges have found themselves facing challenges. Securities firms wanting to trade foreign shares have increasingly found it possible to deal away from the exchanges. New York exchanges, for example, have had to accept the enormous growth of the screen-based Nasdaq system operated by the National Association of Securities Dealers.

Another example commonly cited in London is that more business is done there in Swedish shares, mostly quoted by market makers in London on the Seaq International system, than on the Stockholm exchange.

The London exchange faced a similar challenge: unless it tried to capture international business, it could find itself reduced to a marketplace merely for second-line British stocks of little interest outside the country. The action in the biggest British stocks would be part of a global market with prices displayed, perhaps, on Reuter screens or those of rival system.

The response of the Stock Exchange, given new impetus by the international securities firms which joined it last year, is to try to become the focus of international trading and thereby to provide much needed order, price visibility, liquidity and supervision to what is a very fragmented market.

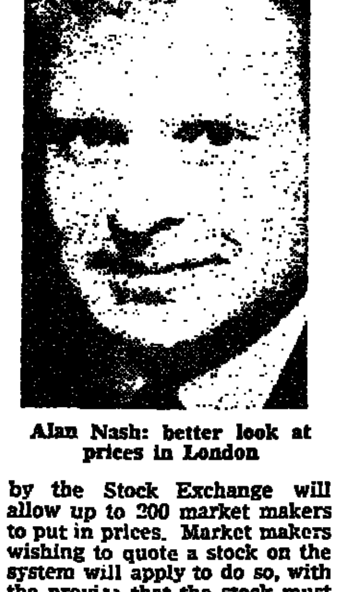
Its ambitions are underlined by Mr Alan Nash of Paine Webber, chairman of the Foreign Equity Market Committee, which is overseeing the plans. "It won't take long for people interested in the German market to realise that they had better look at the prices in the London market before they deal."

London market makers would not claim that they always offer better prices than those quoted on domestic continental exchanges. Mr Hugh Hughes, managing director of Savory Milln, says, however, that: "The thing that London has over European centres is that we are prepared to commit our capital."

The new system envisaged by the Stock Exchange will allow up to 200 market makers to put in prices. Market makers wishing to quote a stock on the system will apply to do so, with the proviso that the stock must be listed on an exchange recognised by the UK regulatory authorities. It would not be necessary for the stock to be listed in London.

Supervision is expected to be handled in a manner similar to that of the Association of International Bond Dealers. Market makers will need to apply for membership of the Stock Exchange in its capacity as a Recognized Investment Exchange under Britain's new regulatory structure, and will therefore be required to meet trade reporting and any other requirements imposed by the Securities and Investments Board.

But they are not expected to need authorisation by a UK Self Regulatory Organisation (SRO) — in this case, the Securities Association — unless they wish to transact investment business with parties in Britain.



Alan Nash: better look at prices in London

TRADES OF whole portfolios of stocks—mis-named programme trading in London—have become commonplace in the competitive atmosphere since Big Bang. They have been mostly in UK stocks. Mr William Landreth of Goldman Sachs says trades of £20m to £30m worth of stocks are now routine.

An example of the growing internationalisation and sophistication of the market occurred when several broking houses in London were asked by a large international investing institution last Thursday to put in "blind" bids on a $120m international equity trade.

The brokers were told only that the stocks concerned were blue chips and were of 10 nationalities—none would be British. The twist was that the institution was both a buyer and a seller. Brokers were asked to put in bid and offered prices without knowing in which nationality of stocks the institution would be a seller, and in which a buyer.

Shearson Lehman Brothers International (SLBI), putting in bids at varying discounts to market prices depending on the nationality of the stocks, won the deal on Friday.

On Tuesday, it was given a list of the stocks is was expected to buy and sell—the latter requiring rapid purchases in the market of the stocks concerned.

"In some countries, the stocks would not be considered to be really blue chips," said Mr Jacques Gelardin, SLBI chairman.

Fuji unit upsets with plan to lead issue

By Ian Rodger in Tokyo

FUJI INTERNATIONAL Finance, Fuji Bank's London subsidiary, is causing a stir among Japanese securities dealers by becoming the lead manager of a planned bond issue by Marubeni International Finance.

If the deal goes through, it would break an 11-year-old agreement within Japan's Ministry of Finance (MoF) that banks would not take lead management positions in overseas bond issues by Japanese companies.

In 1975, the arrangement was seen as a way of strengthening the securities companies' international position. In addition, the Japanese banks had no experience of underwriting.

Both of these premises have long since disappeared. The leading Japanese securities companies are more profitable than the banks, and the top banks are among the market leaders in Eurobond issues.

The MoF has apparently given its blessing to the Fuji-Marubeni deal, and is arguing that it does not break the 1975 agreement because Marubeni International Finance is not an industrial company.

However, bankers in Tokyo see it as a sign that the MoF is prepared to see the agreement lapse, perhaps in return for a similar sacrifice of protected territory by banks.

Turkey starts open-market dealings

By David Barchard in Ankara

THE TURKISH central bank concluded its first day of open market operations on a modest scale yesterday, with the purchase of some T£100m ($133,000) of government securities from nine different banks, according to Mr Rusto Saracoglu, deputy governor of the central bank.

"Transactions will be made on a daily basis from now on, and we hope to achieve an average daily volume of T£20bn this year," Mr Saracoglu said.

The inauguration of open-market operations is part of a wider programme of measures being introduced by the Turkish central bank to improve control over the money supply and to improve the range of instruments available to the money markets.

The programme started with the establishment in May 1985, of a system of auctioning for treasury bonds. Last April the central bank started acting as a broker in local currency in the inter-bank market, and it is currently in the course of preparing the country's first commercial paper issue.

Marked growth in Liechtenstein bank earnings

By John Wicks in Zurich

ALL THREE banks in the principality of Liechtenstein have reported a marked rise in profits last year, as well as a further growth in their balance-sheet totals.

The state-backed Liechtensteinische Landesbank showed a 15.8 per cent increase in net earnings to SFr 12.2m ($8m). Since the bank's recently issued participation certificates are not entitled to dividend until this year, dividend payments of almost SFr 6.7m will go to the Government, with SFr 5.6m to be transferred to reserves.

The rise in profits was due largely to much higher non-interest business (securities, net commissions and foreign-exchange and precious-metals dealing). The bank showed a growth in its balance sheet of 7.1 per cent to SFr 4.29bn, excluding SFr 80m resulting from December's participation-certificate issue.

Bank in Liechtenstein (BIL), which is controlled by the Prince of Liechtenstein Foundation, booked a 35 per cent jump in its net earnings last year to SFr 35.4m and is to pay an unchanged 12 per cent on increased share and participation certificate capital.

The balance sheet total was up 9.5 per cent in 1986 to a record SFr 4.05bn, that of the BIL group increasing to SFr 4.6bn. The bank's profit-and-loss account also shows most rapid growth in such non-interest sectors as commission income and that from foreign exchange and precious metals trading. However, interest income is said to have risen "significantly."

The third bank in the principality, Private Trust Bank Corporation (Verwaltungs- und Private-Bank) is to pay an increased dividend of 12 per cent (10 per cent) from net earnings up 28.3 per cent to SFr 15m.

Longer maturities slightly firmer

BY CLARE PEARSON

LONGER-DATED Eurodollar fixed rate bonds improved by about ½ percentage point yesterday as the US Treasury market opened up slightly firmer. Market activity was low, however, as dealers focused on the fortunes of this week's US Treasury refunding programme.

Most Eurobond houses were concentrating on issuing currency warrants, which have become fashionable in the Eurobond market lately, though a couple of new bonds emerged.

Nomura International, with a small group of one co-lead manager and three co-managers, launched a Y15bn, five-year 5⅛ per cent bond for Ford Motor Credit. The deal was priced at 101¾.

The issue met a positive response from the market, even though it seemed rather tightly priced, as the Euroyen sector continued to firm. In the secondary market, prices of shorter-dated issues rose by about ¼ point, and longer-dated issues by about ½ point.

Meanwhile Morgan Stanley announced a Y5bn dual-currency seven-year 7 per cent bond for National Bank of Canada. The issue is redeemable in US dollars at an exchange rate of Y154.21 to the dollar. The issue appeared to have been placed with a group of investors.

Late in the day, Dalwa Europe, with Mitsui Trust as joint book runner, launched a $50m five-year zero coupon bond for Banque Indosuez. The deal was priced at 70.35, with fees totalling 1.35 per cent, and gave an initial yield of 87 basis points over US Treasury bonds.

Elsewhere in the market a host of currency warrants emerged. Swiss Bank Corporation International announced it was issuing up to 200,000 two-year warrants for SBC Finance (Cayman Islands) based on the Swiss franc/dollar exchange rate. Each warrant entitles the holder to buy $500 at an exchange rate of SFr 1.60.

These warrants, which were quoted at $36 each, were designed for small retail investors, but Bankers Trust International said it expected its issue of warrants based on the D-Mark-dollar exchange rate for Swedish Export Credit to go to institutional accounts.

This issue of 150,000 warrants came in two tranches, each entitling the holder to buy $500 at DM 1.79. The first warrants, which mature in August 1988, were indicated at $39 per warrant. The second tranche, of five-year warrants, was indicated at $60.

Bankers Trust said the longer tranche had evoked more demand, because of the scarcity of currency warrants of five years' life.

Citicorp arranged for Citibank an issue of up to 100,000, two-year warrants to buy $500 at an exchange rate of DM 1.82. These were quoted at $39.

Meanwhile the issue of SFr 25m worth of Swiss franc/dollar warrants for Citibank, launched by Citicorp Investment Bank in Switzerland on Tuesday, was increased to SFr 50m nominal. Each three-year warrant, priced at SFr 7,900, buys SFr 100,000 equivalent at an exchange rate of SFr 1.55.

INTERNATIONAL BONDS

The Euro D-mark market firmed after the announcement of the terms of the new federal government bond. This was a DM 4bn ten-year 5¾ per cent bond priced at 99¾. It met strong demand and closed the day at prices around par.

WestLB's DM 300m ten-year issue for Tokyo Electric Power met an enthusiastic response. The 6 per cent deal, priced at 100⅜, traded well within its 2½ per cent fees at around 99¾ bid.

CSFB-Effectenbank priced a recent DM 150m, ten-year convertible bond for the UK arm of Elders IXL, the Australian brewery and financial group. The coupon was fixed at 2½ and the conversion premium at 9.9 per cent, to give a conversion price of A$5.43. This was in line with the indicated terms.

Meanwhile CSFB-Nederland set the same conversion premium on a Fl 100m ten-year bond for the same borrower. The coupon was fixed as indicated at 2¾ per cent.

In Switzerland, prices were unchanged in reasonable volume, Bio Holding's SFr 100m collateralised convertible closed its first day's trading at 99½, against a par issue price.

Kansallis Banking Group led a Euro-Finnish markka issue for Outokumpu, the state-controlled mining company. The five-year, 10¼ per cent deal was priced at 100½. Kansallis claimed this was the first Finmark Eurobond to be totally syndicated abroad.

Morgan Bank Nederland led an issue of 125,000 warrants exercisable into a Fl 125m, 6¼ per cent seven-year bond for Gasunie, the state-controlled utility.

Eurodollar floaters attractive—says study

BY OUR EUROMARKETS STAFF

THE Eurodollar floating rate note (FRN) market now offers attractive buying opportunities as the recent sell-off has gone much further than is warranted, according to a research paper by Credit Suisse First Boston, (CSFB), a leading player in the FRN market.

CSFB says that FRNs are undervalued compared with the fixed rate bond market. Yield margins on issues based on London interbank bid rate (Libid) have reached levels not seen for the past 18 months, while secondary market margins generally are at levels prevailing more than 12 months ago.

Meanwhile, the market is underpinned by the significant build-up of cash reserves among investors who have been staying out of the market recently, and the likelihood that at current interest rates borrowers will continue to hold back from issuing new paper.

The FRN market has been in the doldrums since it was shaken in the second half of last year by the appearance of "jumbo" issues priced against Libid, which are prohibitively expensive for many traditional investors in the market.

As inventories held by market makers built up, their loss of confidence focused particularly on perpetual issues, although fixed-maturity issues also suffered a heavy sell-off early this year.

As a result, the prolonged narrowing of margins in the market has been reversed, so that older sovereign issues are trading at yields close to, or above, London interbank offered rate. Some of the Libid-based FRNs offer yields as well over Libor.

Trading explodes in Portugal

BY DIANA SMITH IN LISBON

STRONG FOREIGN buying last month has driven trading volumes on the tiny Lisbon and Oporto stock markets to unprecedented levels, in an influx of portfolio capital that both pleases and worries the Portuguese authorities.

Just over 1m shares, valued at Esc 6.4bn ($45m), and roughly the same number of bonds, valued at Esc 1.5bn, changed hands last month, counting in dealings on both the official and unofficial markets.

The Portuguese authorities have welcomed foreign investment, but are concerned that it be kept to manageable levels. They fear the market would be hard-pressed to cope with investments by foreign institutions of as little, by internationla standards, as $5-$10m.

The pattern of foreign buying so far appears to be based on careful selection of stocks showing solid corporate performance and paying regular dividends. Local investors have traditionally been more interested in speculative gains.

Foreign investors have been especially interested in shares of financial institutions.

AGA arranges sterling paper programme

AGA, the diversified Swedish industrial group, is the latest in a series of borrowers to arrange a sterling commercial paper programme, Our Euromarkets Editor writes.

Morgan Grenfell is the co-ordinator of a £100m programme with County NatWest Capital Markets as co-dealer.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 4

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Express 7⅞ 93	100	†98⅛	98⅝	0	−0⅝	7.96
A/S Eksportfinans 7⅞ 93	100	99⅝	100⅛	−0⅛	−0⅝	7.64
Australia Com. 11 95	200	116¼	116¾	0	−0⅛	8.17
Australia Com. 11¼ 00	100	116⅝	116⅞	0	−0⅝	9.04
BP Capital 9⅛ 94	100	106⅝	107	+0⅛	+0⅛	7.84
British Telecom 7⅜ 96	250	97¾	98¼	+0⅛	+0⅛	7.92
Campbell Soup 10½ 95	100	113½	114	+0⅛	−0⅛	8.19
Canada 9 96	1000	107¾	108¼	+0⅛	−0¼	7.74
Canadian Pac. 10¼ 93	150	109¼	109½	−0⅛	−0⅜	8.77
CCCE 7⅛ 91	113	98⅝	99¼	0	−0⅛	7.34
CNCA 7¼ 91	150	99½	100⅛	+0⅛	−0⅛	7.31
Citicorp 8¼ 93	200	98¼	98⅝	−0⅛	−0½	8.57
Credit Lyonnais 9 91	200	105¼	105¾	0	0	7.38
Credit National 9⅛ 93	150	106¼	106⅝	0	+0⅛	7.76
Credit National 7¼ 91	150	99¾	100¼	0	0	7.24
Denmark Kingdom 7⅞ 93	250	99⅝	100⅛	0	−0¼	7.76
Denmark Kingdom 8¾ 91	300	102⅝	103⅛	+0⅛	−0¼	7.44
EEC 7 91	100	99¼	99¾	+0⅛	−0¼	7.12
EEC 8¼ 96	100	103½	104	−0⅛	−0¼	7.66
EEC 8⅝ 91	150	105¾	105⅞	0	−0⅛	6.98
EIB 7⅝ 93 B	100	100	100½	0	−0⅛	7.57
EIB 7⅝ 93 A	100	100¼	100¾	0	0	7.52
Eurofima 7¾ 91	200	101⅞	102⅛	+0⅛	0	7.16
Export Dev. Cpn. 10 90	100	108⅝	109⅛	0	0	6.82
Finland 7½ 93	200	99⅝	99⅞	+0⅛	0	7.56
Ford Motor Cred. 10½ 91	150	110½	111	0	−0¼	7.70
Ford Motor Cred. 11⅞ 90	100	110⅝	111¼	0	−0⅛	7.25
Gen. Elec. Cred. 10¼ 00	200	106¼	106¾	0	0	9.36
GMAC 10¼ 89	200	106⅞	107⅜	0	−0⅛	6.82
GMAC 8½ 93	200	103⅝	104⅛	+0⅛	−0⅜	7.69
IADB 9⅞ 95	200	112⅞	113⅜	+0⅛	−1½	7.77
Liberty Mutual 8½ 96	150	102¼	103⅛	+0⅛	−0⅜	8.02
LTCB of Japan 8 91	100	102½	103	+0⅛	−0⅛	7.25
Merrill Lynch 8¾ 92	100	104	104⅜	+0⅛	−0¼	7.68
Mercds.-Benz Cred. 7½ 93	100	100⅞	101⅜	+0⅛	−0⅛	7.26
Mitsubishi Fin. 7⅞ 93	100	100	100½	+0⅛	−0⅛	7.82
Mutual America 7⅞ 92	100	100⅛	100½	−0⅛	−0⅛	7.56
Norway Kingdom 7¼ 91	500	100⅛	100½	0	−0¼	7.17
Pepsico Inc. 7⅜ 93	200	98⅛	98⅝	+0⅛	−0⅛	7.65
Qantas Airways 10⅛ 95	140	113	113½	+0⅛	−0⅛	8.13
Queensland Govt. 10⅛ 95	100	111¼	111⅝	+0⅛	+0¼	9.20
Ralston Purina 11¼ 95	150	†115¼	116¼	0	−0⅛	8.93
Saab Scania 9½ 91	125	105¾	106¼	0	−0¼	7.71
Saskatchewan 10¾ 92	100	112⅝	113¼	0	−0⅛	7.59
State Bk. S. Aust. 9¼ 93	100	106¼	106½	0	−0⅛	7.98
Statoil 10 90	170	107¼	108⅛	0	0	7.31
Swed. Exp. Cred. 7¼ 91	100	99⅝	100⅛	+0⅛	0	7.27
Swed. Exp. Cred. 10 92	100	110⅝	111¼	0	−0⅛	7.45
Sweden 8¼ 96	200	103¼	104¼	+0⅛	−0⅛	7.80
Sweden 10¼ 92	250	112⅞	113⅛	0	−0⅛	7.42
Sweden Kingdom 10¾ 90	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ 90 A$	50	†100	101	+0⅛	+0⅛	13.97
Amatil Fin. 14¼ 90 A$	40	99⅝	100⅛	+0⅛	−0⅛	14.74
Amro Bank 14¼ 90 A$	60	99⅝	100⅜	+0⅛	−0⅛	14.07
Bremer Ldsbk. 12¾ 91 A$	30	98⅞	99⅜	+0⅛	−0⅛	13.14
Fiat Finance 14½ 89 A$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 12⅞ 89 A$	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Landsbk. Rhein. 13 89 A$	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
McDonald System 14½ 94	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10⅜ 90 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chrysler Corpd. 10 91 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Genstar Fin. 11¼ 95 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 9¼ 92 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 10⅜ 90 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears Acc. 10⅝ 92 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coca-Cola F. C. 17 90 NS	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 17½ 89 N$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever Cap. 17½ 89 N$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen City 9 95 Ecu	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 91 Ecu	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅝ 93 Ecu	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Walt Disney 8¾ 94 Ecu	62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Mtr. WW 3⅝ 90 Fl	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Mtr. XW 3⅝ 90 Fl	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thyssen 7¼ 90 Fl	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wereldhave 7½ 90 Fl	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wessanen 6¾ 90 Fl	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Com. 11 92 £	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imp. Chem. Inds. 10 03 £	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imp. Chm. Inds. 10⅜ 92 £	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Invst. in Inds. Int. 10 93 £	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Leeds Bldg. Soc. 10½ 91 £	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
McDonalds 10⅞ 90 £	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nationwide BS 10⅛ 93 £	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NSW Treasury 10⅝ 92 £	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Insce. 10⅜ 92 £	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J. Sainsbury 10⅞ 93 £	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trusthouse Forte 11⅛ 90 £	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 11¼ 95 £	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CoE 8⅞ 95 LFr	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅝ 93 LFr	1000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Alberta 5 93	0.0312	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alliance & Leic. Bldg. 94 £	0.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays Bank Perp. 1	0¼§	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays Bank Perp. 2	0¼§	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; CONVERTIBLE BONDS — [illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES and FINANCE

HWT puts broadcasting interests up for auction

BY BRUCE JACQUES IN SYDNEY

THE AUCTION for Australian media assets gained further momentum yesterday with the board of Herald and Weekly Times (HWT) inviting tenders for the sale of its broadcasting interests.

The board made the call after John Fairfax entered the bidding for selected HWT electronic assets. Fairfax, which has countered the A$2.3bn (US$1.53bn) bid for HWT from Mr Rupert Murdoch's News group with a A$2.5bn offer of its own, is now effectively proposing an alternative to Mr Murdoch's plan to sell the Herald electronic assets.

Fairfax has offered A$270m for the licensee of the Herald's Melborune - based channel HSV-7 and is also bidding A$90m for Television Broadcasters (TBL), which holds the licence for Adelaide's ADS-7.

The Adelaide bid has an alternative of A$115m for TBL plus two Herald radio stations in Victoria and two in South Australia. The offers compare with conditional contracts already held by Mr Murdoch, if the News group gains control of the Herald, to sell HSV-7 to Mr Robert Holmes à Court for A$260m and the Adelaide station plus radio interests to another Perth businessman, Mr Kerry Stokes, for A$110m.

Fairfax has made the offer through a wholly-owned subsidiary, Dysford Proprietary, and is offering a 10 per cent deposit immediately on signing with the balance in cash in seven days.

The Fairfax offer came as the HWT board was meeting to decide on the electronic media proposals, a move which has the potential to clear the way for the Australian Broadcasting Tribunal to approve the Murdoch acquisition of the company.

The tribunal on Tuesday adjourned a hearing into Mr Murdoch's takeover in order to await the outcome of the Hunt board meeting. The Fairfax offer again emphasises the company's determination to play a part in the media carve-up taking place in Australia and thus avoid being relegated to a junior position in the industry.

Tenders must reach the Herald today and will be considered at a board meeting tomorrow. Mr John Dahlsen, HWT chairman, said the company had already received an additional offer for HSV-7.

JAL share sale may net $4bn for state

By Carla Rapoport in Tokyo

THE JAPANESE Government may raise more than $4bn this year from the sell-off of its stake in Japan Air Lines (JAL), nearly twice the amount on which it had planned.

The prospective increase is due to the sharp rise in JAL's share price since the budget forecasts where drawn up last year. Further, the Government is now seriously considering a plan to sell off all of its 48m shares in one tranche this autumn.

The Government owns 34.5 per cent of the nation's flag carrier. JAL's share price has been a stunning performer in the stock market over the last year, more than doubling to stand at Y12,900.

Although the Ministry of Finance would not comment officially on its marketing plans, it is understood that a single sell-off is becoming the preferred option, mainly because it would reduce the risk of having to sell at lower prices in the future.

In addition, JAL itself is anxious to complete the privatisation process as soon as possible so that it can get rid of the stigma of being associated with a government when competing for new routes with private sector carriers.

Bell Group up 50% at halfway

BY OUR FINANCIAL STAFF

BELL GROUP, Mr Robert Holmes a Court's Perth-based master company, yesterday reported net profits ahead by more than half in the six months to December, to reach A$84.43m (US$ 56.2m) compared with A$55.78m.

The result was struck, however, before extraordinary credits — although these amounted to just A$139,000 in the latest period, the 1985 first half had produced a special gain of A$49.14m. This arose from the disposal during that time of Bell's international music publishing interests. Attributable profits were thus down by 19.4 per cent.

Earnings per share were stated as 39 cents against an adjusted 26 cents, also excluding the extraordinary items.

The interim dividend is being maintained at 5 cents per share, paid from an increased equity base of 215.57m shares compared with 155.42m units in the comparable six months.

The company managed a marginal reduction in the tax charge to A$32.68m, but interest payments jumped more than four times to A$168.53m from A$40.33m, and depreciation took upwards of 2½ times more at A$70.57m against A$25.93m.

The results for Bell Group broadly parallel those announced on Tuesday at Bell Resources, its energy affiliate through which it has a key stake in Broken Hill Proprietary, Australia's largest company.

MIM warned on Porgera offer

By Our Sydney Correspondent

PRIME MINISTER Paias Wingti of Papua New Guinea has issued a blunt warning to MIM Holdings, the Brisbane mining group, that he is "not happy" with proposals to offer his nationals only 4 per cent equity in the company's Porgera gold project, which is due to form the basis of a share flotation.

Mr Wingti said: "The Government will not allow itself to be forced into a situation of accepting offers from any mineral prospecting company until it is absolutely certain that Papua New Guineans, especially ordinary citizens, will benefit."

The cabinet is today to consider a submission on the flotation, an issue which has caused a split in the Government.

Coles Myer to expand abroad

BY CHRIS SHERWELL IN MELBOURNE

COLES MYER, the dominant Australian retail group which is today due to gain a listing on the London Stock Exchange, aims to invest in retail businesses internationally in order to expand beyond its home territory.

In an interview yesterday, Mr Brian Quinn, managing director, said the opportunities for further expansion domestically had become limited following the A$1bn (US$665.5m) takeover by G. J. Coles of the Myer group in 1985.

This merger of the number one and number three Australian retailers resulted in the world's largest retail group outside the US, with sales in 1985-86 of more than A$10bn—virtually all of it in Australia.

The underlying aim of today's London listing is to bring the Coles Myer name to potential investors in an area where the company already raises finance.

The move, plainly geared to the group's planned future direction, may eventually be followed with listings in New York and Tokyo, although this has yet to be considered formally.

Mr Quinn refused to say when Coles Myer might start investing abroad, but he acknowledged that the group was looking at Britain and the US. "It is fundamental to our future that we invest in retail businesses internationally," he said.

Group sales in the current year are, meanwhile, expected to rise to A$11.5bn, a marginal rise in real terms, and after-tax profits, which were A$173m in the year to July 1986, are likely to be around A$200m, depending on the burden of new taxes.

Investment income dip hits Daihatsu Motor

BY YOKO SHIBATA IN TOKYO

DAIHATSU MOTOR, the Japanese small car maker which belongs to the Toyota group, suffered a 2.4 per cent fall in pre-tax profits to Y3.94bn ($25.85m) in the first half to December.

Among the country's car makers, all suffering from the yen's steep rise, Daihatsu fared relatively well thanks to its high proportion of domestic sales. Its operating profits rose a substantial 81.5 per cent to Y2.92bn, reflecting booming domestic sales and its streamlining efforts.

Net profits were 8 per cent lower to Y2.2bn, and the earnings setback was attributed to a fall-off in investment income compared with a year ago. Turnover at Y264.05bn was up 2 per cent.

Daihatsu's domestic sales of the Mira minivan and Hijet minitruck (both 550 cc) showed gains of nearly 20 per cent in unit terms. As a result, the company's domestic unit sales increased by 9 per cent to 230,000 units. Exports fell by 5 per cent to 60,000 units. Total car unit sales, including those commissioned by Toyota Motor, reached 356,000 units, up 2 per cent.

The strong growth in operating profits was more than offset by the increase in non-operating expenses, including those for bond issues.

The interim dividend, meanwhile, is unchanged at Y3 a share.

For the remaining half-year to June, Daihatsu plans to expand domestic sales further by the introduction of new minicars and a remodelled Charade range. The company will aim to maintain full-year pre-tax profits at Y8.2bn on sales of Y550bn, up 2.7 per cent.

The Ministry of International Trade and Industry (Miti) yesterday decided to allot a car export quota to Daihatsu for the fiscal year starting in April. Daihatsu had not been given a quota in Japan's voluntary restraint on car exports to the US for the past several years.

Miti's latest decision stemmed from its belief that denying new entry into the US market by a Japanese car maker ran counter to the free trade principle. Daihatsu has been calling on Miti to allow it to export 23,000 cars a year starting in April, equivalent to 1 per cent of the total ceiling of Japan's car exports to the US for the year.

However, Miti intends not to accede in full to the request. The company is preparing to begin exports in September. The ministry is expected to complete quota allocations for Japanese car makers by mid-March.

Loss provisions depress NBB profit by 45%

By Our Financial Staff

NATIONAL BANK of Bahrain (NBB), the country's largest bank, is to tighten its lending policy following an adverse impact on profitability last year from a large boost in provisions.

The provisions reflected possible loan losses and write-downs on investments. They were lifted to BD 6.99m ($18.55m) fro mBD 4.26m, after which 1986 net profits emerged at BD 4.37m, a drop of more than 45 per cent from 1985's BD 8.04m.

The bank said that in future it would require guarantees to back lending requests.

UK COMPANY NEWS

Barrow says no to £27.2m bid from Yule Catto

BY CLAY HARRIS

Yule Catto yesterday unveiled a new cash-and-shares offer for Barrow Hepburn which values the chemicals and engineering company at £27.2m.

Barrow promptly rejected the final offer and concentrated its fire on the strength of Yule Catto's share price, which it called "extraordinary" in view of problems which it said confronted the chemicals, building materials and plantations group.

Yule Catto, however, described the new terms as "compelling, given Barrow Hepburn's appalling financial and share price performance over many years, its incoherent strategy and its uncertain prospects for future growth."

Mr Alex Walker, chief executive, said: "It is long past time for change at Barrow Hepburn."

In reply, Barrow focused on Yule Catto's continued exposure to the plantation sector and the large proportion of its working capital tied up as fixed assets in Malaysia and South Africa.

With a 28 per cent stake in Yule Catto held by Kuala Lumpur Kepong, itself a plantations group, Barrow also suggested that the "presence of such a large and poorly performing foreign shareholder raises questions about who exercises strategic control of the company."

Yule Catto has only rarely issued ordinary shares since it went public in 1971. According to the company, the decision to include ordinary shares in the final offer reflected institutional pressure to obtain more shares and the rise in its share price from 246p to 313p since the bid was launched.

Barrow said that it had asked the Takeover Panel to investigate the sharp rise in Yule Catto's price.

Mr Walker said the shares would give accepting Barrow shareholders "a distinct participation in the substantial commercial benefits that will flow from our proven management team working full-time to develop the company."

With Yule Catto up 13p to 313p, its offer of five shares plus £15.05 in cash or loan notes for every 43 Barrow shares is worth 71.4p. There is a full cash alternative of 65p. Barrow added 3p to 68p yesterday.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
2nd qtr.	109.1	104.5	109	114.9	141.4	3,174	161.7
3rd qtr.	108.3	103.9	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	103.6	106	116.7	177.7	3,122	188.2
1986							
1st qtr.	109.4	102.8	105	118.2	145.4	3,171	166.5
2nd qtr.	108.9	103.5	105	120.0	152.7	3,208	175.6
3rd qtr.	110.5	104.6	107	122.1	157.4	3,212	200.2
4th qtr.						3,142	213.0
May	108.5	103.1	107	118.5	149.8	3,205	172.1
June	107.6	103.3	108	121.7	155.4	3,229	184.4
July	110.1	104.8	103	120.9	158.2	3,223	193.2
August	110.8	104.4	103	122.0	155.2	3,219	201.1
September	111.0	105.5	113	123.2	158.7	3,193	206.4
October	109.8	105.6	106	123.2	164.7	3,166	212.8
November	110.8	105.7		126.4	182.1	3,145	215.2
December				125.9	3,114	210.0	

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
2nd qtr.	103.3	105.2	113.8	105.7	117.7	102.0	18.2
3rd qtr.	104.3	102.5	113.1	103.6	116.2	103.2	17.3
4th qtr.	103.7	102.7	113.5	103.2	114.0	102.4	15.6
1986							
1st qtr.	103.1	102.5	115.5	102.1	111.3	103.1	14.2
2nd qtr.	104.3	100.5	114.9	102.0	110.9	102.3	19.8
3rd qtr.	105.1	101.8	117.0	103.5	107.7	102.4	18.9
May	103.8	100.4	114.2	102.0	111.0	100.0	19.2
June	104.4	99.40	112.7	101.0	113.0	104.0	21.5
July	106.2	100.8	116.3	103.0	109.0	100.0	20.8
August	106.4	100.3	117.8	102.0	106.0	104.0	16.6
September	106.6	101.7	117.5	104.0	108.0	102.0	19.3
October	106.7	101.2	115.3	104.0	115.0	101.0	20.0
November	106.8	101.6	115.3	104.0	116.0	103.0	15.0

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
3rd qtr.	116.2	124.1	−440	+1,445	+1,900	100.2	14.18
4th qtr.	118.9	127.9	−292	+604	+1,893	101.6	15.54
1986							
1st qtr.	116.9	125.7	−1,437	+549	+1,929	101.0	18.75
2nd qtr.	121.8	128.6	−1,579	+275	+750	102.5	19.20
3rd qtr.	123.3	139.1	−3,034	−781	+683	103.3	20.14
4th qtr.	129.6	143.3	−2,629	−229	+778	101.3	21.97
June	121.6	130.5	−630	−12	+267	103.7	19.20
July	126.3	134.9	−636	+115	+240	103.3	19.08
August	117.0	142.9	−1,514	−763	+180	104.0	18.93
September	126.5	139.5	−885	−134	+268	102.5	22.43
October	125.3	140.6	−835	−35	+184	102.2	21.89
November	131.5	146.8	−1,632	−232	+334	101.3	22.01
December	132.0	142.4	−763	+38	+259	100.5	21.92
January							21.95

FINANCIAL—Money supply M0, M1 and sterling M3, (three months' growth at annual rate) bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
4th qtr.	2.9	17.0	12.9	+5,378	2,299	3,431	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,203	2,220	7,385	11.50
2nd qtr.	3.1	28.1	27.4	+6,450	1,433	7,658	10.00
3rd qtr.	5.9	30.7	15.6	+6,838	158	8,304	10.00
4th qtr.	7.6	14.2	13.6	+10,144			11.00
May	4.3	27.3	35.8	+2,004	500	2,372	10.00
June	3.9	28.7	21.5	+3,001	177	2,543	10.00
July	5.4	35.6	20.9	+3,279	387	2,719	10.00
August	5.7	22.6	8.5	+2,715	452	2,678	10.00
September	6.6	34.4	17.7	+844	−671	2,907	10.00
October	6.3	18.5	14.1	+3,549	1,951	2,886	11.00
November	6.4	27.5	18.4	+3,910	169	2,585	11.00
December	11.1	−1.2	8.5	+2,685	703		11.00
January							11.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
1986							
1st qtr.	179.1	132.4	143.4	380.8	343.3	1,813	75.1
2nd qtr.	184.0	125.8	145.7	385.7	349.5	1,453	76.1
3rd qtr.	187.4	120.8	146.3	386.1	348.1	1,544	71.9
4th qtr.		127.3	147.4	391.0	348.3	1,637	68.2
June	185.7	124.2	145.8	385.8	351.4	1,453	75.9
July	187.9	119.8	146.0	384.7	347.4	1,460	74.0
August	187.2	120.3	146.3	385.9	348.6	1,461	71.4
September	186.8	122.4	146.7	387.8	348.3	1,544	70.4
October	188.3	124.3	147.0	388.4	347.6	1,600	67.8
November	191.0	127.5	147.4	391.7	347.5	1,617	68.5
December		130.2	147.8	393.0	349.8	1,637	68.4
January						1,694	68.8

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

Fothergill accepts Courtaulds as 'white knight' withdraws

BY DAVID THOMAS

The board of Fothergill and Harvey, the Lancashire-based manufacturer of advanced and electrical insulation materials, has decided to recommend the latest offer from Courtaulds, the international, textiles, chemicals and industrial products group.

Fothergill had been fighting the bid since November.

Fothergill said its change of tack occurred after the company which had appeared interested in making an alternative offer ended talks, because it could not match Courtauld's latest offer.

Courtaulds had also clarified a number of assurances it had given Fothergill.

Mr Sipko Huismans, a Courtaulds director, said yesterday: "We don't have any plans to rationalise or change Fothergill that didn't already exist in Fothergill."

He added: "We do not represent a threat to employment, rather the other way round."

He said Fothergill would maintain its identity within Courtaulds' advanced materials group and Mr Peter Conway, Fothergill chief executive, would be staying on in that role. Courtaulds would honour the existing pension rights of Fothergill's workers.

Mr Conway said he believed that Cyanamid, Fothergill's US partner, would now exercise its option to buy out Fothergill's half share in Cyfo, their joint venture company.

Courtaulds' share offer is on a nine-for-11 basis. With Courtaulds down 5p at 387p, that values each Fothergill share at 316p. Courtaulds' cash or loan note terms are 300p.

Sir Christopher Hogg: chairman of Courtaulds

Victor sounds profit warning

Shares of Victor Products, the Tyne and Wear-based industrial and mining equipment manufacturer, fell 20p to 93p, yesterday, wiping 17 per cent off of the company's market capitalisation. This follows the announcement of reduced profits for the six months to October 31 1986, and warning of a downturn in the second half.

Although turnover expanded from £9.58m to £10.33m, profit before tax fell 33 per cent to £348,000 against £516,000 last time. Tax accounted for £122,000 (£206,000), while stated earnings per share fell to 2.5p against 3.6p for the comparable period.

The interim dividend is held at 1.75p.

The figures were foreshadowed by the company in a statement last month. Mr L. R. Mann, chairman, said that the reduced profits reflected competitive market conditions which resulted from reduced activity in coal, oil and marine markets.

The chairman added that Victor had responded to the situation by examining the company structure and concentrating the mining and lighting businesses in a single site at Wallsend.

Consequently, sizeable reductions in management and overhead costs were anticipated. The restructuring was expected to result in an extraordinary deficit of around £500,000.

Mr Mann stated that difficult trading conditions prevailed throughout the third quarter of the financial year and that profits for the second-half were therefore expected to show a substantial reduction on the previous year.

He added, however, that prospects for 1987/88 were enhanced by expected savings from the restructuring.

● comment

Victor Products' two main markets are the coal and oil industries. The first is beset by *shrinkage* and a bunching of over-enthusiastic ordering in the immediate wake of the miners' strike, the second has been hit by the collapse in the price of crude. Neither appears to be on the brink of dramatic recovery, so Victor has been looking for opportunities to diversify. These efforts have so far proved fruitless, so the company has turned to cost-cutting (that is, redundancies) as a profits restorative. The effects will not become apparent this year: indeed, a halving of profits to around £750,000 is in sight. That puts the shares in which the company's own pension fund is a significant investor — on a prospective price/earnings ratio of 17 even after yesterday's 20p drop in the share price to 93p. That looks demanding even i the light of next year's possible profits recovery: Victor's share price relative to the wider market has been moving inexorably downhill since the beginning of the decade, and predators may not be enthusiastic about arresting the decline with debt at over 70 per cent of shareholders' funds.

Demerger Two questions L & N's profitability

BY CLAY HARRIS

DEMERGER TWO, bidding for London and Northern Group, has questioned how the construction, healthcare and energy company would avoid a further decline in profits arising from problems in its UME subsidiary.

L&N needed to act swiftly to spell what provisions it planned to make as a result of the termination of a management contract at the Al-Qassimi hospital in Sharjah, Demerger said in its latest circular to L&N shareholders.

It was announced yesterday, that the bid would not be referred to the Monopolies and Mergers Commission.

Demerger has also published the names of the co-managers of the syndicate underwriting its £90m cash alternative in an effort to rebut L&N's claim that the underwriters had unproven resources.

In addition to Ifincorp Earl & Co, *Demerger's adviser, and its* Luxembourg-based parent company, Ifincorp Fund Management, the co-managers are: Al Dahlawi, a Saudi trading company; Bradley Investment and Finance Corporation, an investment company managed by Kidder Peabody Geneva; Dumenil Leble subsidiary Dumenil Investment Services; Gota (UK), a subsidiary of Sweden's Gotabanken; UK stockbroker Guy Puckle & Co; and Guernsey-based fund manager Hamilton Brothers.

Each co-manager had underwritten at least £10m, Ifincorp Earl said.

Demerger said that its proposal to break up and refloat L&N's four main divisions fit in well with arguments, used successfully against BTR's bid for Pilkington, that conglomerates did not "allow companies to be run separately and effectively under independent management."

In reply to the latest document, L&N said that its original objections remained "valid and *unanswered*. Demerger Two attempts to disguise the implausibility of its proposals by a smokescreen of innuendo."

Public Works Loan Board rates

Effective February 4

Years	Quota loans repaid by EIP† %	Quota loans repaid A‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* repaid A‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	10⅝	—	—	11⅛
Over 1, up to 2	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 2, up to 3	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 3, up to 4	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 4, up to 5	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 5, up to 6	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 6, up to 7	10⅝	10⅝	10⅝	10⅞	10⅞	11
Over 7, up to 8	10⅝	10⅝	10⅝	10⅞	10⅞	11
Over 8, up to 9	10⅝	10⅝	10⅝	10⅞	10⅞	11
Over 9, up to 10	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 10, up to 15	10½	10½	10½	11	11	10¾
Over 15, up to 25	10½	10½	10½	10¾	10¾	10¾
Over 25	10½	10½	10½	10¾	10⅝	10¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Ensign Trust has 29.9% of Aberdeen Fund

By Philip Coggan

Ensign Trust, the investment trust controlled by the Merchant Navy Officers' Pension Fund, has acquired a 29.9 per cent stake in the privately-owned Aberdeen Fund Managers.

Ensign is paying £1.6m by subscribing for 597,500 new ordinary shares at 100p each, *with a further £1m in the* form of convertible loan stock, which when converted will increase Ensign's stake to around 40 per cent.

Aberdeen Fund Managers was established in 1983 and manages investments worth around £70m. It acts as investment adviser to three unit trusts, Scottish Extra Income Fund, Scottish UK Growth Fund and Scottish North American Income Fund, all of which are managed by Scottish Unit Managers, in which Aberdeen has a 24.5 per cent stake.

Ensign Trust stressed that it regarded the stake as part of its investment portfolio (its gros assets are currently) worth around £275m) rather than as a prelude to an acquisition.

BP disposes of US PVC arm

BP Chemicals has completed the sale of its PVC compounding business in the US to Vista Chemical of Houston, Texas. Terms were not disclosed.

BP, which acquired the business as part of its purchase of the polyolefins division of Reichhold Chemicals in May 1985, said it did not fit in with its strategy.

Bula Resources

BULA RESOURCES, an Irish hydrocarbons exploration and development company, has acquired Mossrigg for a consideration of 22.5m Bula shares which yesterday rose 0.5p to 3.75p. Mossrigg's assets include £436,000 in cash and a 10 per cent interest in a hydrocarbon exploration permit in the Paris basin. The move is consistent with Bula's policy of growth through acquisition and further opportunities are being considered.

UK COMPANY NEWS

REVISED STRATEGY PRODUCES PROFIT BOOM

Union Discount surges to £10m

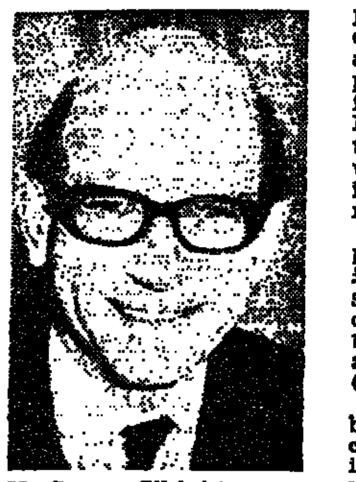
BY RICHARD TOMKINS

Union Discount, one of the few remaining independent discount houses, yesterday reported a resurgence in pre-tax profits from £1.13m to £10.78m in the year to last December and set itself the target of ironing out the volatility of its results. Analysts had expected about £4.7m. Union's shares rose 17p to 785p.

The 1985 pre-tax profit of £1.13m marked a downturn from the previous year's £7.94m. Union Discount said it was now part of the group's strategy to concentrate resources in areas providing more stable returns than those from the discount house.

Net investment in leases increased from £56m to £83m during the year.

Mr Graeme Gilchrist, managing director, said: "It is part of our strategy to concentrate more of our resources in areas providing returns which are likely to be more stable than those available in the discount house.



Mr Graeme Gilchrist, managing director of Union Discount

"The financial markets are changing rapidly. There will be opportunities to build on our traditional strengths and to expand in profitable, related areas. An increasing and stable rate of return is our target."

A final dividend of 29p is proposed, making a total of 40p compared with 37p last year. In an attempt to reduce the disparity between the interim and final dividend payments, Union Discount said it proposed to set the next interim at 17p, but warned against taking this as an indication of the full-year payment.

The company's offices were professionally revalued at £16.5m against £12.5m last year, so helping to take shareholders' disclosed funds up from £66.41m to £74.69m. Total current assets at December 31 were £2.34m (£2.71m).

Union Discount said 1986 had been a year of enormous change and activity culminating in Big Bang in October, and it was particularly encouraging in such an eventful year that all parts of the company had contributed to the success.

Mr Gilchrist said he still believed that Union Discount's decision not to become a market-maker in gilt-edged securities had been correct.

"We also think that as users of the market, we will benefit from the increased competition between market makers," he added.

The FT Government Securities index began the year at 82.8 and ended slightly higher at 83.6, but within the year, wide fluctuations enabled substantial profits to be made.

Sterling came under pressure in September and base rates were raised to 11 per cent on October 14, where they stayed for the rest of the year. That provided scope for good running profits on Union Discount's book.

During the year, Union Discount increased its interest in Aitken Campbell, the Glasgow jobbers, to 50.1 per cent. The Union Discount Company of London has subsequently become a holding company with Union Discount Company as its discount house subsidiary. The five leasing and asset finance companies are wholly-owned subsidiaries of the discount house.

See Lex

Nottingham Brick shares rise on bid talks

By David Thomas

Nottingham Brick is in talks which could lead to a recommended offer for the company. Its shares rose 40p yesterday to close at 365p.

The company, which reported pre-tax profits of £2.71m on turnover of £11.7m for the year ended September 30, said it expected to make a statement soon.

Talks between Nottingham and Steetley, the Midlands construction group, about the possibility of a merger were called off in December, when Nottingham's shares increased rapidly in value. At the time, Nottingham's board said the company's interests were best served by it remaining independent.

Steetley said yesterday it was not involved in the present talks.

Unconfirmed market speculation centred on reports that Nottingham was in talks with Borland, Australia's largest construction materials group, but Nottingham refused to comment on this.

Nottingham is a producer of high-quality facing bricks, in vogue with post-modernist architects, and was generally regarded as a tempting target for other companies when the Steetley talks were broken off.

When announcing last year's results, the company said it was confident of a much improved performance this year.

Baker Perkins receives bid approach from Maxwell's Hollis

BY PHILIP COGGAN

Baker Perkins, the Peterborough-based engineering group attempting an agreed £147m merger with APV, announced yesterday that it had received an approach from Mr Robert Maxwell's Hollis group.

On Monday, a spokesman for Mr Maxwell confirmed that Hollis, an engineering group controlled by Pergamon Press, had bought a stake of just under 5 per cent in Baker.

Hollis's approach came shortly after Baker's announcement on January 8 that it was in talks about a possible merger with an unnamed party. According to Baker Perkins, Hollis at first asked whether it might be interested in a bid but Baker was unenthusiastic.

By January 16, Baker Perkins and APV had announced merger terms and Hill Samuel, Hollis' merchant bank, approached Morgan Grenfell, Baker Perkins' merchant bank, to ask for information about the company. Takeover Panel rules require that information revealed to one bidder should be disclosed to other potential purchasers on request.

Nothing further was heard from either Hollis or Hill Samuel until news of the Hollis stake appeared in the press. Following discussions with the Takeover Panel, Morgan Grenfell decided to reveal news of Hollis' earlier approach.

Hollis was a small publicly-quoted timber merchant and furniture manufacturer until it was rescued by Pergamon in November 1982. Since then it has acquired several businesses from Pergamon as part of a restructuring of Mr Maxwell's interests and has recently been the focus of his moves in the engineering sector.

Mr Maxwell has intervened three times in engineering bids in recent months. In November, he announced an agreed bid for AE, then attempting to fight off an approach from Turner & Newall. Although Turner eventually won that contest, Mr Maxwell was more successful in January when Hollis won control of Grosvenor Group, despite a rival bid from BBA.

A spokesman for Mr Maxwell said last night that "we do not wish to comment until we see the APV offer document."

Companies usually have up to 28 days after the announcement of a takeover bid in which to publish their offer document, which would give APV until February 13.

New clients give boost to Wintrust

By David Goodhart

Wintrust, the specialist merchant bank, yesterday reported a 27 per cent increase *in pre-tax profits to £1.8m for* the six months to September 30 1986 and a growth in group assets from £117m to £143m.

The "niche" bank, which specialises in lending to wealthy entrepreneurs, says it has benefited from the spread of financial conglomerates which have created a flow of new clients seeking a more flexible and personalised approach.

Mr Richard Szpiro, the managing director, said it had doubled its new clients in the past year and added: "We are actively seeking opportunities for selective acquisition of companies in complementary fields."

Earnings per share for the six months were up 21.5 per cent to 11.51p, and retained profit was £803,834. An interim dividend of 2p per ordinary share is payable on March 31, along with a dividend of 5.25p per 10½ per cent cumulative preference share.

Mr Szpiro said that the present low gearing ratios left considerable scope for significant expansion in banking activity, without in any way undermining the strength of the capital ratios.

Jarvis Porter

Jarvis Porter Group, Leeds-based labelling and flexible packaging group, is making its first acquisition since obtaining a full stock market listing in March 1986. It is buying Spreckley & Evans (Nottm.), a strung ticket maker, from Sonoco UK, for £1.2m cash.

Bank in talks with Larry Adler

BY NICK BUNKER, INSURANCE CORRESPONDENT

MR LARRY ADLER, the Australian financier, met banking supervision officials at the *Bank of England* yesterday morning to discuss his acquisition of a 14 per cent stake in Hill Samuel, the merchant bank and financial services group.

The stake has been built up since last November by FAI Insurances, a Sydney-based general insurance company which is 40 per cent controlled by Mr Adler's family.

It is normal practice for the Bank to hold meetings with investors who take significant holdings in British banking institutions. The Bank's aim in such cases is to inform the new shareholder about reporting and other requirements which it imposes on banks in its role as prudential supervisor.

No details were made public of Mr Adler's meeting with officials.

However, the Bank is in a slightly unusual position regarding Mr Adler as the Government announced on Tuesday that it aims to change the 1987 Banking Bill to force investors to obtain the Bank's approval if they want to take their stake in a UK authorised bank above 15 per cent.

When the Bill becomes law, the Bank of England will have *retroactive* powers to order divestment of shareholdings which were built up before the Bill was passed.

Analysts said Tuesday's announcement—which has made hostile takeover bids for merchant banks more difficult—was the reason for a plunge in Hill Samuel's share price yesterday. Its shares closed at 460p last night, down 54p.

Mr Adler said earlier this week that FAI began buying last year when the share price was about 360p. His son, Mr Rodney Adler, was quoted in Australian press reports yesterday saying that FAI had bought at an average price of 465p.

Mr Larry Adler said in London last night that neither the new amendment to the Bill, nor yesterday's fall in Hill Samuel's share price made any difference to his intentions to stay a *long-term* Hill Samuel shareholder.

"If you are a long-term investor, and you have an apoplectic fit every time the share price goes down, you don't have a very long investing life," said Mr Adler.

"We don't break out the champagne bottles when the price goes up a few cents. Equally, we don't take a cyanide pill when it goes down."

FAI could face a complicated technical procedure under the Financial Services Act if it wants to take more than 15 per cent of Hill Samuel.

Section 134 of the Act says that investors have to ask the Department of Trade and Industry's approval if they want to buy 15 per cent of a group which includes an authorised insurer.

One of Hill Samuel's subsidiaries is Hill Samuel Life Assurance, a DTI-authorised company.

H & W agrees higher offer

Intermediate Securities, a Cayman Islands investment company, has won the recommendation of Howard & Wyndham for an increased offer for the publishing and retail jewellery group.

It will pay 18p for the 58.37 per cent of H&W which is not owned by Intermediate or Mr Ralph Fields, the target company's chairman and managing director, who is acting in concert with Mr Abraham Gold of Intermediate. The new offer, increased from 15p, values H&W at £3.28m.

Fiduciary Management Services, also Cayman-based, has accepted the bid on behalf of its 26.22 per cent stake. H&W shares added 2p to 19p.

Heywood Williams

Heywood Williams Group, glass and aluminium specialist, has acquired Tempered Glass Specialists of Antwerp, Ohio, for $5.5m (£3.6m) cash.

TSG, a toughened glass processing company, had pre-tax profits of about $1m in 1986. It will become a subsidiary of Heywood Williams' US operation, Creation Windows, maker and distributor of recreational vehicle doors and windows. Creation buys in excess of $10m worth of toughened glass a year, including purchases from TSG worth about $4m.

The consideration includes $1.8m for goodwill, and excludes the assumption of any liabilities.

BA confident offer will be oversubscribed

BY RICHARD TOMKINS

British Airways' advisers are quietly confident that the airline's £900m offer for sale will be well oversubscribed when it closes at 10 am tomorrow.

Meanwhile, Cleveland Securities, the licensed dealer which is making a grey (unofficial) market in British Airways' shares in advance of Stock Exchange dealings, was quoting a buy-sell price of 82p/86p for the 65p partly-paid stock stock—1p up on the day.

Some 65 per cent of the shares have been allocated to institutional and overseas investors, so only 35 per cent of the issue remains to be sold in the UK public offering.

If this portion is subscribed three times or more, about 20 per cent of the other investors' shares will be clawed back. Hill Samuel, the merchant bank sponsoring the flotation, said yesterday that it was confident that clawback would be triggered.

No figures are being published about the number of applications received, but Hill Samuel said institutional, overseas and retail investors were expressing a strong interest in the flotation.

Favourable press comment about the flotation is thought likely to take the number of private investors applying to something over *500,000.* That is far fewer than the 7m who applied for British Gas and the 5m who applied for TSB, but Hill Samuel says it compares favourably with the number of private shareholders in other similar-sized companies.

Lord King, chairman of British Airways.

Hill Samuel said it could not rule out the possibility of a ballot, but it was its stronge desire to avoid one. A ballot would interrupt a smooth start to dealings in the shares next Wednesday afternoon, because investors would not know whether they had been allocated shares until the letters of allotment *went out five days later.*

Allebone in £11m Ward White deal

By Janice Warman

Allebone and Sons, footwear retailer, is to more than double its retailing capacity with the agreed purchase of 161 Focus Shoes outlets from Ward White, the retail group, for £11m in cash. The deal also includes the Focus head office and warehouse complex at Syston, Leicestershire.

It plans to finance the acquisition with a £10m rights issue, underwritten by ANZ Bank, and in cash.

Allebone currently owns 101 shoe retail outlets in Scotland and Northern Ireland through its Tandem Shoes subsidiary.

The purchase of the Focus outlets in England and Wales will turn it from a regional to a national retailer, shrink its overheads, and take its turnover from £17m to £50m, said Mr John Tilbrook, Allebone's chief executive.

Allebone has been able to select only profit-making Focus outlets. The remaining 189 shops and concessions will be sold separately by Ward be sold separately by Ward White for about £6m.

The company swung back to £156,000 profit after a better second half in the year to January 31, 1986. Its loss-making Northampton manufacturing division was closed down in October with 240 redundancies.

Mr Tilbrook said Allebone had until now owned too few profitable outlets to cover the central overhead costs of operating a multiple footwear retailing business at an acceptable level of profitability.

"This acquisition has solved that problem at a stroke," he added.

Both chains of shops operate in the same sector of the retail footwear market, offering similar merchandise at similar prices.

Mr Philip Birch, chairman and chief executive of the normally acquisitive Ward White, said poor summers and long winters allied with stiffer competition from Marks and Spencer and British Home Stores had resulted in losses for Focus.

"It wasn't looking good," he admitted.

But UK shoe retailing had become a relatively small part of the company's business since Ward White's expansion into higher growth areas.

Allebone's rights issue of 21.8m new ordinary shares — at a price of 50p per share — will be on the basis of nine new ordinary shares for every four ordinary shares currently held and 15 new ordinary shares for every four 8.75 per cent convertible cumulative redeemable preference shares currently held.

The company's issued share capital will rise from £2.18m to £4.36m. Allebone's shares remained suspended at 59p.

Pentland takes stake in Gallini

BY JANICE WARMAN

Pentland Industries, the industrial holding company which holds a 37 per cent stake in Reebok International, the US athletic footwear and clothing manufacturer, has purchased a 25 per cent holding in Gallini Group, an unlisted leisurewear company.

Mr Stephen Rubin, managing director, said Pentland did not intend a takeover of Gallini. "We have taken a strong stake with a view to seeing it floated on the USM in a few years' time."

The London-based company was started seven years ago by Mr Raymond Turner, a former director of Tesco's Home and Wear division. Its current turnover is about £10m, and it supplies most major high street retailers and mail order houses.

Mr Bernard Klug, Gallini chairman, confirmed Mr Rubin's view of the news. "We are very much a growing company in a growth industry. With his backing, advice and guidance, we will achieve more than we could on our own."

"This is more than just a cash boost; there will be commercial benefits as well," he added.

Gallini plans to do business with companies in the Pentland group, and to start manufacturing sports shoes.

London Securities deal gives 9% Cambium stake

BY CLAY HARRIS

London Securities, the property and investment management company, is to take a 9 per cent stake in Cambium Venture Capital by converting £229,000 in outstanding loans into equity.

Cambium is to issue 1,830,532 shares to acquire Introstone, a London Securities subsidiary which had lent money to three companies in which the venture capital group has equity stakes.

Mr David Pearl, London Securities chairman and chief executive and, since last year, a director of Cambium, said that his company had long wanted to gain an equity holding in Cambium.

Cambium, which began trading in March 1984, has not yet shown a profit, reporting a pre-tax loss of £48,544 in the first half of 1986. Its shares were unchanged at 13p.

BOARD MEETINGS

TODAY

Interims:—Aerospace Engineering, Mid Wynd International Investment Trust, Personal Computers.

Finals:—Aaronson Brothers, Goode Durrant and Murray.

FUTURE DATES

Interims:—

Automagic Holdings	Feb 11
Dalgety	Feb 18
Datron International	Feb 12
Dom Holdings	Feb 12
Lee International	Feb 24
Manganese Bronze	Feb 11
Ransom (William)	Feb 12
Sigmex International	Feb 16

Finals:—

Australian Agricultural	Mar 16
Fleming Mercantile Inv. Tst.	Mar 3
Higgs and Hill	Apr 8
Ladbroke	Mar 12
Talbex	Feb 10

COMPANY NEWS IN BRIEF

SOUTHAMPTON IOW Steam Packet: Alexander Towing has sold 333,000 shares reducing its stake from 10.16 per cent to 0.3478 per cent.

PRUDENTIAL Property Services has expanded its estate agency activities into the Channel Islands with the acquisition of The Property Shop, Jersey for an undisclosed cash sum.

GORING KERR'S US subsidiary has acquired from Rexnord the rights to a recently developed micro-processor based metal detector system. The system will be sold worldwide in the aggregate, coal, mineral ore and timber industries. Total consideration was $155,000 (£102,000) cash.

IMRY PROPERTY: the offer made on behalf of Imry International to acquire Imry Property *in order to* effect the merger with Arbuthnot Properties had, on February 3, been accepted by holders of 11.07m shares (80.91 per cent). Further acceptances of the offer, which have not yet been validated, have been received in respect of 1.25m (9.17 per cent). The offer, cash alternative and loan note alternative have been extended until February 17.

STOCKHOLDERS FAR EAST Investments is considering restructuring the company as an open-ended investment company with the ability to issue and redeem shares at a price based on net asset value.

DE LA RUE, which already owns the ordinary shares of Bradbury Wilkinson, has agreed with the security printing company that it should offer to acquire the 87,500 preference shares—half the total—that it does not already own. It will offer 130p in cash for each preference share, making a total acquisition cost of £113,750. The acquisition is to be achieved via a scheme of arrangement under which the fixed dividend on the preference will be paid to the date on which the scheme becomes effective.

JAMES FINLAY has acquired 750,100 shares in Anglo-American Agriculture, representing 6.64 per cent of the equity.

WELSH Industrial Trust—No interim dividend (nil), for the six months ended October 5 1986. Net asset value 191p (169p as at July 4 1986). After tax of £9,113 (£3,192) earnings were £22,314 (£2,825) or 1.5p (0.06p) per share.

PROPERTY TRUST: Harvard Securities has reduced its post rights issue holding from 8.27 per cent to 7.4 per cent.

ADAM LEISURE'S annual meeting agreed a share purchase between Mr R. Dipre and Mr C. A. Rycroft relating to the purchase by Mr Dipre of 18.3m ordinary shares (73.2 per cent of Adam's existing ordinary capital).

WARNER ESTATE Holdings (property investor): Turnover £11.02m (£10.44m) and pre-tax profits £3.89m (£3.47m) for year to September 30 1986. Earnings per 25p share 26.5p (22.29p). Final dividend 15p, making 22.5p (18p) net. Net asset value per share at year-end 1,127p (932p).

LOCAL London Group—Of the open offer of 1.5m new ordinary shares to shareholders on the basis of 15 for 49 at 280p, the rights to 577,756 (38.5 per cent) shares have been taken up.

IRISH WIRE PRODUCTS (fastening manufacturer): No Ordinary or Preference dividend for year ended March 31 1986. Turnover I£2.46m (I£2.6m). Interest payable £67,853 (£96,136) and loss before tax £188,187 (£106,678). No tax charge. Loss per share 23.87p (16.16p). Subject to court approval, agreement to the capital reconstruction announced in October will be obtained prior to March 31 1987.

GKN has sold its subsidiary, GKN Birwelco of Halesowen, West Midlands, along with related interests in Jersey, Germany and GKN Irwelco of Texas to Monteny Group of North America. GKN said the sale proceeds and profit on sales were not significant.

CHESSMINSTER GROUP said new private placements have been arranged with four places for the sale of a total of 5.95m common shares at a price of 20p per share. Total proceeds will be £1.2m, and will be applied in part to the cost of the construction of the company's cement-bonded particle board plant at Ystrad Mynach in South Wales, and partly for general corporate purposes.

GODFREY DAVIS, Ford main dealer and park home estate operator, is continuing its growth policy in the latter field via the purchase of the Church Farm Close residential estate for £460,000. The estate situated at Dibden, Hampshire, will add some 100 homes to Davis's Park Homes subsidiary which will now control over 3,500 homes at 25 residential parks.

YEARLING BONDS—The interest rate for this week's issue of local authority bonds is 10¾ per cent, unchanged from last week, and compares with 13 per cent a year ago. The bonds are issued at par and are redeemable on February 10 1988.

DPCE US expansion

DPCE Holdings is acquiring the eastern seaboard customer base of Global-Ultimac Systems for $1.05m cash (£692,000).

Global supplies and supports IBM compatible processors and peripherals. DPCE is taking over maintenance contracts and necessary computer equipment for customers between Massachusetts and Washington DC. The maintenance contracts are generating $160,000 per month.

At the end of last year DPCE announced the taking over of Systec, another US independent computer maintenance company.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Union Discount	29	—	26	40	37
Victor Products ...int.	1.75	April 8	1.75	—	5
Wintrust ...int.	2	Mar 31	1.8	—	5.4

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Commercial Union Trust Managers
S. Helen's, 1 Undershaft, EC3P 3DQ
Dealing 01-686 9818

CU UK & General	49.6	53.1	.....	3.30
Do Accum	49.6	53.1	.....	3.30
CU Income	49.7	53.2	+0.3	4.70
Do Accum	49.7	53.2	+0.3	4.70
CU Worldwide Spec Sits	49.0	52.9	+0.5	1.89
Do Accum	49.0	52.9	+0.3	1.89

Confederation Funds Mngt Ltd (a)
50 Chancery Lane, WC2A 1HE 01-242 0282

Growth Fund	278.0	292.4	.....	3.94

Cornhill Unit Trust Mngrs Ltd
PO Box 136, Beckenham, Kent BR3 4XR 01-658 9611

UK Equity Inc & Acc	58.3	62.0	.....	3.5
Intnl. Inc & Acc	54.8	58.2	.....	2.0

County Unit Trust Managers
161 Cheapside, London EC2V 6EU 01-726 1999

Energy Tst	52.1	55.1	+0.2	3.81
European Growth Tst	80.6	85.3	-0.8	0.62
Extra Inc	185.6	196.5	+1.1	4.78
Financial	188.5	199.5	-0.7	2.02
Gilt Strategy	57.4	59.2	+0.1	2.05
Global Inc Trust	63.0	66.7	+0.3	6.04
Growth Investment	319.5	338.2	+1.9	2.34
Income & Growth Tst	46.4	49.1	+0.2	4.02
Intnl Recovery Tst	125.0	132.2	+0.6	1.81
Japan Growth Tst	219.9	232.8	+0.5	0.33
North Am Gwth Tst	109.3	115.6	+0.5	1.07
Smaller Companies	245.9	260.3	-0.3	2.15
South East Asia	75.9	80.4	+0.4	1.51
Special Sits (Acc)	318.0	336.6	+1.9	1.24

Crown Unit Trust Services Ltd
Crown House, Woking GU21 1XW 04862 24933

Crown American Tst	136.9	145.4	.....	0.69
Crown European Tst	123.1	131.0	-0.4	—
Crown Growth Trust	252.4	268.5	+0.9	2.48
Crown High Inc. Trust	277.5	295.3	.....	4.43
Crown Intl Tech Tst	121.6	129.4	+1.0	—
Crown Japanese Tst	159.1	169.3	-0.8	—

Crusader Unit Trust Managers Ltd
Reigate, Surrey, RH2 8BL 07372 42424

UK Income	53.7	57.2	+0.3	4.72
UK Growth Acc	58.5	62.3	+0.1	2.41
UK Growth Dist	58.5	62.3	+0.1	2.41
European Growth	63.3	67.4	-0.8	1.06
Pacific Growth	59.8	63.7	+0.2	0.61

Dartington Unit Trust Mngt. Ltd
Dartington, Totnes, Devon TQ9 6JE 0803 862271

Total Perf. Unit Tst	64.1	68.3	.....	2.3

Dimensional Trust Management Ltd
1 Albemarle St, London W1X 3HF 01-499 5733

UK Small Companies Tst	1010.7	1059.6	+11.8	2.88

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU 01-638 4485

Disc Inc January 23	107.1	113.0	.....	3.67
(Accum Units)	193.3	203.9	.....	—

Gartmore Fund Managers—Contd.

Hong Kong Trust	39.0	41.3	+0.8	1.20
Income Fund	87.4	92.9	+0.3	3.18
Intl Fxd Int Tst	24.8	26.3	+0.1	9.30
Japan Trust	140.4	148.9	-0.3	0.00
Managed Exempt Fd	283.7	295.6	+0.5	2.02
Oil & Energy Trust	38.1	40.3	+0.1	2.70
Special Sits. Tst	213.3	227.9	-0.1	0.72
UK Sm. Co. Rec. Trust	84.2	89.3	.....	1.20

Global Asset Management
GAM Sterling Management Ltd
12 St James's Place, London SW1 01-493 9990

GAM £ & International	247.3	255.0	.....	0.86
GAM N America Inc	125.1	129.0	.....	2.77
GAM N America Acc	132.5	136.6	.....	2.77
GAM Pen & Cty Wwide*		176.6	.....	—
GAM Pen & Chrty UK*		148.7	.....	—
GAM Far East Unit Tst	98.1	101.5	.....	—

*Unauthorised

Govett (John) Unit Mngt. Ltd
Winchester House, 77 London Wall, EC2 01-588 5620
Dealing 01-588 0526

Govett AmericanGrowth	69.0	73.4	-0.6	0.83
Govett America Inc	75.0	79.7	-0.3	3.24
Govett Gold & Min	51.3	54.5	+0.5	0.65
Govett Intl Gwth	85.9	90.2	.....	1.06
Govett Japan Gwth	154.4	165.1	-1.7	—
Govett European Gwth	244.9	260.5	-2.8	0.43
Govett Pacific Inc	78.8	83.9	+0.6	3.76
Govett UK Spec Opps	120.9	128.6	-0.1	0.82
Exempt Amer Jan 29	113.7	118.8	.....	2.06
Exempt Pacific Jan 29	194.9	203.9	.....	0.90
Exempt Sml Cos Jan 29	158.2	166.2	.....	1.95
UK Progressive Inc	62.7	66.7	+0.1	4.13

Granville Unit Tst Mngmt Ltd
8 Lovat Lane, London EC3 8DT 01-621 1212

Granville Capital	72.1	75.6	.....	2.06
Granville Small Co Tst	55.5	58.2	.....	1.64

Gresham Unit Trust Managers
9-17 Perrymount Rd, Haywards Heath 0444 416581-2

Gresham Global Growth	169.0	180.7	+0.8	1.24
Gresham Inc	163.9	175.3	+0.5	4.34
Gresham Intnl Inc	24.5	26.2	.....	5.25
Gresham N Amer Growth	25.2	26.9	+0.1	1.86

Grofund Managers Limited
Plowers Hall, 8/9 AustinFriars, EC2N 2AE 01-588 5317

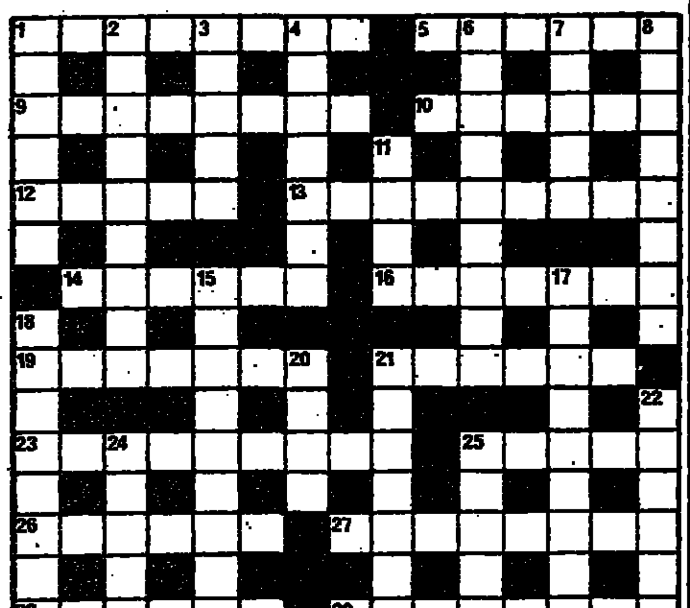
Grofund American Trust	85.5	90.0	+0.2	1.65
Grofund Australian Tst	70.3	74.0	+1.1	2.34
Grofund Equity Trust	102.5	109.0	-0.2	2.37
Grofund European Trust	139.1	146.4	-1.5	0.62
Grofund Gilt Trust	51.6	53.2	+0.2	9.45
Grofund Japan Trust	124.6	131.2	.....	0.0

Guardian Royal Ex. Unit Mgrs. Ltd (a)
Royal Exchange, London EC3V 3LS 01-688 9903

INSURANCES

FT CROSSWORD PUZZLE No. 6,245

DANTE



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1 He settles without recourse to law (8)
5 Mark the sailor, a six-footer (6)
9 Case in which everyone is involved in the trial (3-5)
10 Roughly repair shoes or roads (6)
12 Lift shafts, we hear (5)
13 It's a rigid rule (9)
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23 Fair comment on one still capable of redemption? (3, 3, 3)
25 We rip off a window-cleaner (5)
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27 They break the law and stow away in ships (8)
28 First form (6)
29 With which to welcome honest members (4, 4)

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1 It's a possibility concerning literary composition (6)
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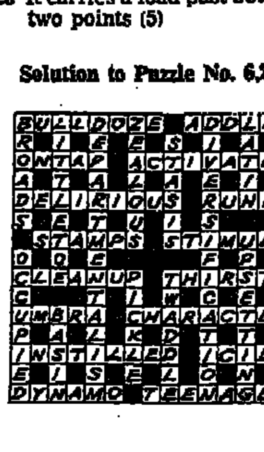
3 The inclusion of two similar points produces a titter (5)
4 Tried and tested (7)
6 Cuts off credit of Chinese food-raiser (9)
7 Jewish doctor (5)
8 They can tame horses—white horses? (8)
11 Gratuity about right for the journey (4)
15 A blow in an attempt to achieve parity (3, 3, 3)
17 Metal key used by the cook (3, 6)
18 With new income around the company becomes profitable (8)
20 Smashing opportunities at tennis, perhaps (4)
21 A place of current conflict (4-3)
22 Credit is repeatedly the trouble (6)
24 Time for grammar (5)
25 It carries a load past between two points (5)

Solution to Puzzle No. 6,244



AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation				
Equity	359.9	380.8	-0.2	—
High Income	307.5	325.4	-0.3	—
Property	217.1	229.7		—
Managed	260.2	275.3	-0.6	—
Deposit	177.4	187.7		—
Gilt	180.3	190.8	+0.1	—
American	263.3	278.6	-1.6	—
International Money	200.9	212.6	+0.1	—
Index	109.5	115.9		—
Far East	213.7	226.1	-1.9	—
Global	105.1	111.2	+0.9	—
European	108.2	114.5	-0.5	—
Japan	116.8	123.6	-0.6	—
Residential Property	96.9	102.5		—
2nd Series Pension Accumulation				
Equity	574.5	607.9	-0.1	—
High Income	366.6	387.9	-0.4	—
Property	305.2	323.0	+0.1	—
Managed	377.0	398.9	-0.1	—
Deposit	264.1	279.5		—
Gilt	254.1	268.9	-0.1	—
American	415.3	439.5	-2.7	—
International Money	289.4	306.2	+0.2	—
Index	120.5	127.5	+0.1	—
Far East	236.5	250.3	-2.0	—
Global	107.9	114.2	+1.1	—
European	111.9	118.4	-0.6	—
Japan	123.0	130.2	-0.6	—
Residential Property	97.8	103.5		—
Other Funds				
Equity Units		77.20	-0.01	—
Property Units		22.92		—
Equity Bond/Exec	47.87	50.66	-0.07	—
Property Bond/Exec	30.96	32.76		—
Balanced Bond/Exec	36.64	38.77	-0.07	—
L&E SIF 1	121.5	128.5		—
L&E SIF 2	79.0	83.5		—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	117.0	124.0		—
Risk & Reward Bond	150.0	158.0		—
Murray Johnstone Fd	135.0	143.0		—
Money Market Fd	110.0	116.0		—
Investment Strategy Fd	98.0	104.0		—
Ivory & Sime Pens Fd	119.0	125.0		—
Risk & Reward Pens Fd	132.0	139.0		—
Murray J'stone Pens Fd	133.0	140.0		—
Money Market Pens Fd	110.0	116.0		—
Inv Strategy Pens Fnd	99.0	105.0		—
Pretator Pen Fd	95.0	100.0		—

Devonshire Life—Contd.

Money	100.6	106.0		—
Pen Managed	132.4	139.5		—
Pen World Growth	102.9	108.4	-0.2	—
Pen UK Equity	144.6	152.3		—
Pen UK Small Cos	136.0	143.2	+0.5	—
Pen European	102.3	107.7	-0.9	—
Pen Far Eastern	222.6	234.4	+0.7	—
Pen Nth American	94.6	99.7	-0.1	—
Pen Fixed Interest	109.6	115.4	-0.1	—
Pen Index Lnkd Stks	101.0	106.4	+0.1	—
Pen Money	105.3	111.0		—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 221311

Secure Fund	104.4	109.9		—
Blue Chip Fund	173.1	180.2	+0.2	—
Performance Fund	161.2	169.7	+0.1	—
Adventurous Fund	155.9	164.2	-0.5	—
Pensions Secure	95.7	100.8		—
Pensions Blue Chip	102.1	107.5	+0.3	—
Pensions Performance	103.8	109.3	+0.1	—
Pensions Adventurous	104.0	109.5	-0.5	—
Pensions With Profits	102.0	105.5	+0.4	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

Eagle/Mid. Units	177.2	183.7	+0.8	4.01

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	181.9	191.5	+0.4	—
Fd of Inv Tsts	150.1	158.0		—
Gilt & Fixed Int	116.0	122.1		—
High Income	166.0	174.7	+0.3	—
Intnl Growth	113.1	119.1	-0.2	—
Managed	136.3	143.5		—
Money	109.3	115.0		—
North American	125.5	132.1	+0.4	—
Pelican	154.5	162.6	-0.1	—
Property	108.8	114.5		—
Special Sits	160.6	169.1	+0.2	—
School Fee Managed	149.7	157.6		—
Pension Funds				
Far Eastern	209.0	220.0	+0.6	—
Fd of Inv Tsts	165.9	174.6		—
Gilt & Fixed Int	120.3	126.6		—
High Income	190.2	200.2	+0.5	—
International Growth	117.4	123.6	-0.2	—
Managed	149.7	157.6		—
Money	119.0	125.3		—
North American	131.6	138.5	+0.6	—
Pelican	172.4	181.5		—

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 394000

Managed	419.9	442.0	+1.9	—
Property	263.2	277.1		—
Fixed Int.	160.3	168.8	+0.3	—
UK Equity	506.7	533.4	+1.5	—
Int. Equity	347.4	365.5	+0.7	—
Deposit	158.1	166.5		—
Managed Property	235.4	247.8	+1.9	—
American Eagle	114.7	120.8	+0.2	—
Technology	104.2	109.7	+1.4	—
Worldwide Income	177.8	187.2		—
Pacific	182.2	191.8	+0.9	—
Australian	91.2	96.0	-0.1	—
Japan	298.1	313.8	+1.0	—
Commodity	107.1	112.8	+0.9	—
Gold	136.7	143.9	+0.8	—
Financial	202.4	213.1	+0.1	—
Income	243.0	255.8	+0.2	—
Special Situations	227.0	239.0	+0.8	—
Preference	132.7	146.0	+1.1	—
Managed Currency	97.4	102.6		—
European Spec. Sits.	203.6	214.4	-1.1	—
Sterling	110.3	—		—
Residential Property	99.1	104.4		—
Pension Funds				
Managed Pension	1261.1	1327.5	+4.0	—
Gilt Pens.	351.8	370.4	+1.6	—
Property Pens.	669.5	704.8	+3.8	—
Equity Pens.	613.5	645.8	-1.1	—
Index-L Plan	124.7	131.3	+0.2	—
Guar. Pen	260.3	274.1	+0.1	—
Lancaster Retirement	161.4	169.9		—

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	180.3	190.0		—
Gilt & Fixed Int Fd	132.8	139.9		—
Cash Fund	123.9	130.4		—

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	516.70	17.94		—

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	329.9	349.4		—
Gtd. Mgd.	291.3	306.7		—
Property	325.9	343.1		—
American	265.5	279.6	+1.2	—
UK Equity Fund	352.9	371.6	+1.6	—
High Yield	423.9	446.3		—
Gilt Edged	250.8	264.1	+1.5	—

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 4090
Porchester Managed Funds

Albany (z)	119.00	125.20	+0.1	—
Cornhill (z)	106.0	112.0		—
Irish Life (z)	121.6	127.9		—
Royal Heritage (z)	102.4	107.8		—
Schroder (z)	99.20	104.40	+0.4	—
Skandia (z)	129.80	137.10	+0.8	—
Target (z)	122.30	128.60	+0.3	—
Trident (z)	115.6	122.0		—
Porchester Managed Pension Funds				
Albany (z)	130.60	137.40	+0.2	—
Schroder (z)	99.3	104.5		—
Skandia (z)	126.90	133.50	+0.8	—
Target (z)	112.50	118.50	+0.3	—

Managed by Porchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Non-Clerical Med	116.7	122.9		—
Pens. Man-Schroder	476.7	502.7	+2.1	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical	102.7	108.2		—
Guardian Royal Life	100.1	105.4	+0.3	—
M&G Acc (Life)	115.0	120.9		—
M & G Acc (Pens)	137.6	139.6		—
Norwich Union Acc. Mgd	54.0	56.9	-0.1	—
Royal Life (Unit Link Acc)	103.5	108.9		—
Scot Equitable (Life)	149.9	157.8		—
Scott Equitable (Pens)	101.8	107.2		—
Scot Mutual (Life)	154.9	163.0	-0.2	—
Scot. Mutual (Pens)	140.8	148.3	-0.3	—
Vanbrugh Life Acc.	120.6	127.0	+0.1	—

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Magd Bond	190.1	200.2	+0.5	—
Target Magd Pension	127.2	133.9	+0.5	—
Albany Magd Bond	166.1	174.8		—
Albany Magd Pension	211.5	222.6		—

Yorkshire & Lancashire Investment Mgt.
2 Parsons Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (Wil)	171.1	180.2		—
Yorks Bond (Roy H)	140.6	148.1		—
Flexible Managed (Hrd)	140.5	147.9		—
Global Managed (Schr.)	129.6	136.4		—
Pension Fund (Roy.H)	117.8	124.0		—

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS
3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46		
Marks & Spencer	18	Cons Gold	62
Midland Bk	48	Lonrho	22
Morgan Grenfell	26	Rio T Zinc	62

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

EEC seeks fresh powers to fight dairy surpluses

BY TIM DICKSON IN BRUSSELS

DETAILED PLANS to suspend the system of guaranteed price support for EEC butter, under certain circumstances, have been agreed by the European Commission. If approved by the Community's Farm Ministers, they will give the Commission powers to vary the guaranteed "buying in" price of butter and at times replace "intervention" purchases of butter and skimmed milk powder with a tendering procedure.

The new ideas, which Mr Frans Andriessen, the Agriculture Commissioner, will put to the forthcoming EEC Agriculture Council in Brussels on Monday, will prove a major test of Farm Ministers' resolve to keep up the battle against Europe's vast food surpluses. The dairy sector is among the most expensive administered in Brussels with stocks of butter and skimmed milk powder at the last count of around 1.34m tonnes and 1m tonnes respectively.

The latest proposals follow the Farm Council's agreement in December that the Commission should be given the discretion to suspend intervention purchases of these products — provided that officials spelt out their criteria. This somewhat vague commitment came on top of the firm decision by Ministers to suspend intervention of skimmed milk powder during the winter months, ie between September 1 and February 28.

The Commission's suggestion — set out in a regulation which was approved this week — is that special measures could be taken when stocks of butter in Community stores exceed 200,000 tonnes. In this case tougher quality standards would apply and "a buying-in price varying in accordance with the seasonal trend of production may be introduced."

Intervention, however, would only be suspended when prices reached a certain level, based on a reference yardstick yet to be agreed. The regulation says that "when prices recorded on reference markets, to be determined, exceed 90 per cent of the intervention price in a member state, buying-in of butter by that member state's intervention agency may be suspended." In this case intervention purchases could continue "by means of a standing tendering procedure using tender specifications to be determined" while "other action may be taken to maintain market stability." Exactly the same procedures would be adopted where the "Community average of prices" rose above 90 per cent of the buying in price and similar rules have been drawn up for skimmed milk powder.

Significantly, Farm Ministers promised in their December declaration that special account would be taken of the Irish dependence on butter intervention; moreover, a promised speeding up of payments by Brussels would to some extent mitigate the effect.

Denmark plans fertiliser cuts

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government has put forward a DKr 12bn (£1.15bn) programme for drastic reductions over the next three years of nitrogenous and phosphoric wastes from industry, households and agriculture into coastal waters.

The minority Government was ordered last November by a Folketing majority to produce the plan after several cases in the autumn in which quantities of dead fish were found in waters suffering from de-oxygenation.

It is still uncertain whether the Folketing will approve the plan that has now been produced, but a new report from the state environmental agency, which concludes that pollution from farmers' liquid manure is less serious than previously thought may help the Government to win the parliament's approval.

Agriculture is being asked to halve its share of nitrogen pollution by 127,000 tonnes a year from an estimated 260,000 tonnes and its phosphoric wastes by 91 per cent or 4,000 tonnes a year.

The Government estimates that this target, to be achieved over three years, will require a reduction of about a quarter in the present use of artificial fertilisers, currently about 400,000 tonnes a year.

Fertiliser use planning, more efficient utilisation of liquid manures and winter planting are other measures by which agricultural pollution is to be reduced.

Minister of Agriculture Britta Schall Holberg said farmers will receive compensation for the extra cost of sowing winter grass.

Producers to study commodity co-operation

By Wong Sulong in Kuala Lumpur

CO-OPERATION IN commodity production and marketing is expected to feature prominently in talks between Indonesia's President Suharto and Dr Mahathir Mohamad, the Malaysian Prime Minister, when they meet in the South Malaysian city of Johore Baru today.

The two Asean countries are both major producers of rubber, palm oil, tin, timber and pepper, as well as important exporters of crude oil and natural gas. Both have suffered severely from declining commodity prices and have been on austere budgets for the pas three years.

Indonesian diplomats say President Suharto is anxious to reassure Malaysia that while Indonesia has embarked on a major palm oil planting programme, much of the increased output would be consumed by its growing population of 165m people.

Of late, Indonesia has made inroads into Malaysia's palm oil markets in India and Pakistan, prompting Malaysia to extend to its palm oil and rubber exporters similar export and credit financing facilities to those given to Indonesian exporters.

Indonesia is wary of Malaysia's past attempts to manipulate price through various market operations—the most famous being Malaysia's support for the mysterious tin buying operation on the London Metal Exchange during 1981-82—as well as Malaysia's aggressive approach towards International Commodity Agreements.

Jakarta agrees with Kuala Lumpur's contention that producers should not over-produce and should co-ordinate their marketing strategies so as not to allow consumers play one producer against another.

Bernard Simon examines the outlook for Canadian producers

Buoyant lumber prices cushion levy blow

CANADIAN LUMBER producers are scouring Europe and the Far East for new markets as part of their response to December's imposition of a controversial 15 per cent tax on exports to their biggest outlets in the US.

Wider acceptance of timber frame housing in Britain, hopes of more flexible Japanese building standards and competitive exchange rates are among the factors which encourage some Western Canadian mills to believe that the tax may not—at least in the short term—deal as hard a blow as they initially feared.

"We're trying to expand overseas markets and retain as much as possible of the US market," says Mr Lee Luckhurst, vice-president for marketing at Lignum sales of Vancouver. Lignum's mill in the interior of British Columbia produces a high proportion of construction-grade fir, spruce and pine, the types which are expected to be hit hardest by the new tax.

The Canadian Government imposed the levy in an effort to end a long-running trade dispute with Washington on softwood lumber exports to the US. The alternative was a stiff US countervailing duty. Some sections of the Canadian lumber industry have strongly criticised Ottawa, however, for agreeing to the tax without putting up more of a fight.

The dispute stems from allegations by American lumber producers that their Canadian competitors are subsidised by low provincial governments' "stumpage" or woodcutting fees. Helped by a declining Canadian dollar and better productivity than their US competitors, Canadian mills' share of the US softwood lumber market rose from 26 per cent in 1977 to about 33 per cent last year.

The tax has had virtually no impact on Canadian lumber producers so far. They have been able to raise prices, thanks to the continuing high level of housing starts and replenishment of inventories depleted during a four month-long strike by British Columbia loggers last year.

Many US buyers prefer Canadian lumber, which is easier to work than US southern pine and is supplied in a greater assortment of cuts and sizes.

But there is widespread concern that the market will turn downwards later this year. Mr Jaak Puusepp, forest products analyst at the securities firm Pemberton Houston Willoughby, in Vancouver, forecasts that a drop in North American housing starts will push lumber prices down later this year to 1985 levels of around US$153 per 1,000 board feet, compared with an average of US$186 last year.

Mr Puusepp predicts that Canadian lumber shipments to the US will fall by 7 per cent this year to around 13bn board feet. The industry's plight may be exacerbated by efforts to offset lower prices by raising production. Some interior mills plan to push up output by as much as 12 per cent this year.

Mr Dick Bryan, economist at the British Columbia's Council of Forest Industries, describes the tax as "unambiguously negative." He says the price will eventually be paid in reduced spending on mill modernisation and significant job losses.

When markets do weaken, the most vulnerable producers are the interior mills which specialise in relatively young, low-value timber, suitable mainly for basic construction-type "two-by-fours."

Besides trying to find new offshore markets, Lignum is paying more attention to product presentation and service. It has switched to brighter wrapping material, and to more efficient loading and packaging methods.

The British Columbian coastal producers already have sizeable markets in Japan and Europe. In addition, the higher quality of their timber gives greater scope for specialised finished products, such as siding material, wall panelling, and door and window frames. Their cedar products, in particular, are in short supply elsewhere.

Mr William St John, vice president for marketing at Macmillan Bloedel, says that "most of our efforts are to get away from producing commodity-type products." He hopes that when the downturn in new house construction comes, demand for items used for renovation and remodelling will remain relatively firm.

Macmillan Bloedel already ships about a third of its lumber overseas. But Mr St John says that interior producers' hopes of a further significant shift to offshore markets are unrealistic, considering stiff competition for construction-grade material and rigid Japanese specifications for more sophisticated products.

Leading coastal producers, such as Macmillan Bloedel, British Columbia Forest Products and Crown Forest Industries, are also fortunate that lumber makes up only between a quarter and a third of their total sales.

Other parts of their business, notably pulp, newsprint and other papers, are booming. The Canadian Pulp and Paper Association forecast in late January that mills will operate at 98 per cent of capacity this year, with shipments climbing by 5 per cent to 24.3m tonnes.

One concern is that Canadian provinces will succeed in a bid to replace the Federal export tax with higher provincially-regulated stumpage fees. While the tax applies only to lumber, an increase in stumpage fees would raise the cost of felling all trees, whether for lumber, pulp or paper.

For the time being, however, thriving pulp and paper operations are enabling the diversified groups to shrug off looming problems on the lumber side.

Macmillan Bloedel is expected to report spectacular financial results for 1986 at the end of this week. The company's share price has more than doubled on the Toronto stock exchange in the past year. as analysts have urged investors to buy shares in the forest products industry.

NORTHERN SOFTWOOD pulp prices are likely to rise by between US$25 and $35 a tonne in North America on April 1 from the present $550 a tonne, effective from January 1, senior industry executives forecast privately at the Canadian Pulp and Paper Association Convention, writes Robert Gibbens in Montreal.

Prices may rise more than this in Europe, they said, because of currency factors. Last year northern bleached kraft softwood pulp went up in quarterly steps of around $25 after a long depression that had lasted since 1982.

Strong international demand and low stocks are now fuelling further increases.

However, industry executives were doubtful whether the market would stand another increase on June 1, although they predicted a general newsprint increase in September.

The CPPA forecasts world demand for paper and paperboard will rise an average 2 to 3 per cent annually through to 1995. Canadian industry shipments will rise from 24m tonnes in 1987 to more than 30m tonnes, it predicted.

Swedish producers feeling the pinch

BY JEAN KLOOS, EDITOR OF TIMBER TRADES JOURNAL

IT WAS the Swedes who suffered most last year from Canadian competition. While the relative weakness of the Canadian dollar made it common sense to buy whatever lumber was coming out of east and west Canada, the strength of the Swedish krona made their material too expensive.

In addition, the Swedish pulp and paper industries have been calling out for raw material, pushing whitewood (spruce) log prices in many cases beyond the sawmillers' reach.

On the other hand, redwood (pine) production in Sweden has continued to outstrip demand. Parts of the country will lose out on exports, South Sweden in particular, but the industry as a whole should retain a reasonable commercial balance.

Leading producers in both Sweden and Finland have acknowledged the need to cut production an dto add value from the log through to the end product. Mills have been closing down, reducing capacity, however, by only a few per cent. Swedish production in 1986 is estimated at 11m cubic metres with Finland at 7m cubic metres.

No great surprises are expected from the Russian first schedules to European customers this year. In the UK the sterling prices, based traditionally on the Swedish krona, are expected to reflect the 10 per cent currency increase since January 1986, with modest domestic changes in redwood and a 3 to 5 per cent increase in whitewood.

A similar pattern is likely to emerge in the Netherlands, France and Germany, setting the seal on the relative stability of the European softwood market for the first half of the year.

Stability and strength can also be seen in the Far Eastern hardwood plywood market. Led by the Indonesians, who command three quarters of world sales, producers have adopted an aggressive stance. Manufacturers associations in Indonesia, Malaysia and the Philippines have adopted a new list of minimum prices and mills have been adhering to the strict guidelines for first quarter sales.

The Indonesians, in addition, have stressed their commitment to controlling exports to European markets by issuing only 17 per cent of a pre-determined quota of 300,000 cubic metres. Indonesia estimated world plywood sales at 3.87m cubic metres for 1986.

In a further move to strengthen their industry the Indonesians imposed an export ban on ramin and white meranti long and short strips and squares in November.

The ban stemmed from pressure from local furniture and mouldings manufacturers, hitting out at spiralling prices because of heavy export demand, particularly from the Taiwanese. It has led to speculation that joint Indonesian/Taiwanese furniture and mouldings ventures may be set up, with Indonesia in the longer term struggling to bring production standards up to the sophisticated Taiwanese techniques.

The main talking point in the UK forestry industry has been December's critical National Audit Office report on the Forestry Commission.

Forestry and related trade associations have condemned what they see as the many negative factors in the report and resolved to present a united front to Government. They say the report ignored the strong links between the private and public sectors and under-rated the importance of the wood processing industry in the UK. They have also pointed out that subsidies to the Forestry Commission have totalled only £2bn over 40 years, while net timber imports ring up a yearly bill of £4.5bn.

Ironically perhaps, the Audit Office may actually have done the British forestry sector a service by providing a focus for rallying an industry which has for so long been held back by its own diversity and fragmentation.

LONDON MARKETS

TRADING ON the London coffee futures market continued in its recent nervous vein yesterday. Prices drifted early on as dealers reacted to Tuesday night's news that the International Coffee Organisation's Executive Board had deferred discussion of the reintroduction of export quotas until February 23. But values were boosted later by a brief burst of shortcovering which followed news that Brazil had closed registrations for February/March exports. Later still the market resumed its easier trend as dealers were reminded of the fact that Brazil was expected to open April export registrations soon. The May position closed at £1,598.50 a tonne, down £19 on the day but £13.50 above the early low. On the London Metal Exchange zinc prices built on Tuesday's modest rally during the morning but fell back in the afternoon on dollar-based selling.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	801-3	—12.5	799
3 months	808.5-9	—6.75	814/804

Official closing (am): Cash 798.5-9 (812.5-3), three months 806-6.5 (811-1.5), settlement 799 (813). Final Kerb close: 807.5-8. Turnover: 10,000 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	878.5-8.5	+1.5	878
3 months	901-1.5	+1	903.5/900

Official closing (am): Cash 878-8.5 (875-5.5), three months 900.5-1 (898-8.5), settlement 878.5 (875.5). Final Kerb close: 901-2.

Standard			
Cash	856-60	+1	—
3 months	881-3	+1	—

Official closing (am): Cash 858-9 (855-6), three months 881-2 (878-80), settlement 859 (856). US Producer prices: 63.75-67.50 cents a pound. Total Turnover: 14,275 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	299-300	+5	288.52/97.5
3 months	299.5—300	+3	300/298

Official closing (am): Cash 297-7.25 (297-7.5), three months 299.5-300 (299-300), settlement 297.25 (297.5). Final Kerb close: 298-9. Turnover: 8,675 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2351-6	—22	2310/2375
3 months	2401-5	—19.5	2420/2401

Official closing (am): Cash 2,370-80 (2,355-65), three months 2,415-3 (2,401-2), settlement 2,380 (2,365). Final Kerb close: 2,403-10. Turnover: 384 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	479-80	+3	483/481
3 months	475-5.5	+3	479/474

Official closing (am): Cash 482.5-3 (477-7.5), three months 476.5-7 (473-3.5), settlement 483 (477.5). Final Kerb close: 476-6.5. Turnover: 8,025 tonnes. US Prime Western: 40-44 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 17.14 (17.16) ringgit a kg. Down 0.02.

GOLD

Gold rose $3½ to $404½-405 on the London bullion market yesterday. It opened at $402-402½ and was fixed at $401.75 in the morning and $402.80 in the afternoon. The metal touched a low of $401-401½ and a peak of $404¾-405¼. Gold's movements were described as erratic, and not closely tied to fluctuations in the dollar. Dealers noted that there was a recovery overnight in New York from a low of $399, and last Friday's low of $397 was not attacked.

GOLD BULLION (fine ounce) Feb. 4		
Close	$404½-405	(£265½-266)
Opening	$402-402½	(£264-264½)
M'n'g fix	$401.75	(£263.927)
Aft'n'n fix	$402.80	(£265.000)

GOLD AND PLATINUM COINS		
Am Eagle	$417½-422½	(£274¼-277¼)
Mapleleaf	$416½-421	(£273-276)
Kr'g'r'nd	$405-408	(£265½-267½)
½ Krug	$206-211	(£135¼-138½)
¼ Krug	$104-109	(£68¼-71½)
Angel	$414-417	(£271½-273½)
1/10 Angel	$41-46	(£27-30)
New Sov	$96-99	(£63-65)
Old Sov	$96-97½	(£63-64)
$ 20 Eagle	$480-530	(£315¼-348)
Noble Plat	$534-542	(£350-355½)

SILVER

Silver was fixed 2.4p an ounce higher for spot delivery in the London bullion market yesterday at 361.15p. US cent equivalents of the fixing levels were: Spot 550.25c, up 1.75c; three-month 558.55c, up 1.90c; six-month 567.1c, up 1.8c; and 12-month 583.9c, up 2.6c. The metal opened at 361½-363p (550½-552½c) and closed at 361½-363p (551-553c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	361.15p	+2.40	361.0p	+3.5
3 months	370.75p	+2.55	371.0p	+3.5
6 months	377.85p	+0.05	—	—
12 months	399.25p	+3.05	—	—

Three months high 371.0, low 370.5.

LME—Turnover: 4 (nil) lots of 10,000 ounces.

SOYABEAN MEAL

Prices traded lower throughout the day on good commercial selling in all positions. Some light consumer buying steadied prices at their lows, but overhead selling remained, reports Muirpace.

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
Feb	129.2-135.8	—1.45	—
April	127.4-128.0	—0.80	128.8-127.8
June	119.0-119.5	—1.75	120.2-120.0
August	114.8-115.0	—1.10	115.5-114.8
October	116.8-117.2	—0.09	117.6-116.5
Dec	119.0-119.5	—0.75	119.0
Feb	121.0-122.5	—0.25	—

Sales: 228 (80) lots of 20 tonnes.

INDICES

REUTERS

Feb. 4	Feb. 3	M'th ago	Year ago
1600.7	1636.7	1631.4	1664.0

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 3	Feb. 2	M'th ago	Year ago
Spot	115.42	115.13	—	127.96
Fut	117.12	116.74	—	125.08

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Feb. 4 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1305/325	—20	$1295/225
Copper			
Cash Grade A	£879	+1.5	£916.25
3 mths	£901.25	+1.0	£939.75
Gold Troy oz	$404.75	+3.50	$399.25
Lead Cash	£299.5	+5.0	£336
3 mths	£289.75	+3.0	£306.15
Nickel			
Free Mkt	184/184c		160/188c
Palladium oz	$123.50	—0.40	$118.25
Platinum oz	$521.50	+2.50	$476.75
Quicksilver†	$165/175		$150/160
Silver troy oz	361.15p	+2.40	363.55p
3 mths	370.75p	+2.55	373.10p
Tin			
Free Mkt	$4460/490	—20	$4600/630
Tungsten	$44.51	+1.33	$43.10
Wolfram 22.01b	$37/45		$32/42
Zinc	£479.3	+3.0	£553.5
3 mths	£475.25	+3.0	£535.5
producers	$770/790		$870
OILS			
Coconut (Phil)	$465x	+15	$410
Palm Malayan	$390v		$307.5
Copra (Phil)	$295	+5	$260
Soyabean (U.S.)	$144		$142
GRAINS			
Barley Fut. May	£114.95	+0.10	£113.55
Maize	£143.50		£142.00
Wheat Fut. May	£118.20	+0.20	£113.55
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1347.5	—3.0	£1439.5
Coffee Ft. May	£1598.5	—19.0	£1645.5
Cotton A Ind.*	66.55c		64.95c
Gas Oil Mar.	$150.50	—5.75	$153.75
Rubber (kilo)	65p		64.25p
Sugar (raw)	$191.50y	+12.0	$145
Wooltops 64s	418p kilo		429p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. y Feb-March. v April.

COFFEE

The mornings activity was dull with mixed commission house business. By mir afternoon arbitrage interest injected more volume into the market with the day closing £21 lower on the day, reports Drexel Burnham Lambert.

COFFEE	Yesterday close	+ or —	Business Done
Mar	1581-1584	—16.0	1597-1570
May	1598-1599	—19.0	1615-1585
July	1621-1624	—20.5	1636-1610
Sept	1640-1645	—25.0	1665-1640
Nov	1670-1675	—17.5	1690-1670
Jan	1690-1710	—20.0	—
Mar	1700-1740	—	—

Sales: 2,848 (2,773) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for February 3. Comp. daily 1979 117.89 (118.41); 15-day average 117.68 (117.80).

COCOA

Futures were held in a narrow range throughout the day finally closing unchanged on the nears although some £3 easier on the forward positions with producers withdrawn and only light consumer interest. The tone on the physical market was equally subdued, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business done
March	1317-1318	—0.5	1320-1315
May	1347-1348	—3.0	1350-1345
July	1377-1378	—6.0	1380-1375
Sept	1404-1405	—7.0	1410-1399
Dec	1429-1430	—11.0	1451-1425
March	1458-1459	—7.0	1460-1453
May	1476-1479	—10.5	1482-1475

Sales: 2,092 (4,684) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for February 3: 1,529.36 (1,524.32); five-day average for February 4: 1,539.70 (1,548.79).

GRAINS

Old crop wheat market quickly surpassed new contract highs on March while deferred positions attracted long-term selling speculation, with new crops firming in the morning before attracting country hedge selling plus volume wheat/barley switch trade, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
Mar	116.70	+0.70	113.35	—
May	118.20	+0.20	114.95	+0.10
July	120.85	+0.50	—	—
Sep	101.00	+0.15	100.50	—0.05
Nov	103.10	+0.10	103.10	—
Jan	106.05	+0.20	105.90	+0.05
Mar	108.60	+0.05	108.15	+0.05

Business done—Wheat: March 116.85-6.50, May 118.50-8.20, July 120.75 only, Sept 101.00 only, Nov 103.20-3.10, Jan 105.60 only, March 108.60 only. Sales: 580 lots of 100 tonnes. Barley: March 113.50-3.35, May 115.00 only, Sept 100.30 only, Nov 103.20-3.10, Jan 105.85 only. Sales: 128 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices: Feed Barley: Eastern 112.60, E. Midlands 114.50; N. East 114.30. The UK monetary coefficient for the week beginning Monday February 19, is expected to change to 1.328.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: March 104.25, April/May 100.75. US No 2 Soft Red Winter: Feb 107.75. French 11½-12 per cent: Jan 141.76. English feed, fob: March 121.50-122.00, April/June 123.00-123.50 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East coast, 1st half Feb 143.50. S. African White unquoted. S. African Yellow unquoted. Barley: English feed, fob: Feb 118.50 seller. Rest unquoted.

POTATOES

Amid speculation of mid-January stock figures, the PM Bannounced a figure of 2.937m tonnes before market opened. Rumours earlier in the week implied thit this figure may exceed 3m tonnes. This caused immediate buying interest and short covering on market open. With fears over quality and renewed rumours of recent frost damage buyers remained in evidence before profit taking on the close saw values drop back from days highs, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	110.00	112.00	116.60
Apr	159.30	154.50	160.80-154.00
May	185.0	180.70	186.00-181.50
Nov	89.50	89.50	—
Feb	98.00	97.50	—

Sales: 1,511 (519) lots of 40 tonnes.

RUBBER

PHYSICALS — The London Market opened unchanged, showing little or no interest throughout the day, closing dull. Reports Lewis and Peat. Closing prices (buyers): Spot 65.00p (same), March 64.25p (same). April 64.25p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 229 (same) and SMR 209.5 (209.0).

FUTURES—Index 685, March 680-690, April 682-692, April/June 685-695, July September 695-705. Sales: Nil.

US MARKETS

IN TRADING dominated by locals, the metal futures held in narrow ranges for most of the day, on balance finishing slightly easier in light volume reports Drexel Burnham Lambert. Dollar strength coupled with weaker oil prices prevented any upward moves. Crude oil futures fell as the trade placed new shorts into the market which as the supoprt at 1808 basis April was penetrated touched off light stops before trade support and profit taking emerged around 1800. Commission house buying in sugar futures pushed values higher but good trade and price-fix selling throughout the rally prompted the locals to join in selling and as the market faltered, commission house stops were touched off around 790 basis March. Wheat futures firmed as commercial buying emerged, possibly reflecting export activity, whilst corn futures eased following early support resulting from firmer cash premiums. Continued South American hedge selling depressed soyabean futures, but the products were lacklustre. An anticipated bullish inventory report today steadied cattle futures, whereas weakening cash prices led to lower hogs futures.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb	Close	Prev	High	Low
Feb	54.00	54.55	—	—
March	54.10	54.65	54.40	54.00
May	54.00	54.40	54.20	54.00
July	53.80	54.20	54.00	54.00
Sept	53.90	54.30	—	—
Dec	50.65	50.05	—	—
Jan	—	53.70	—	—
Feb	—	—	—	—
March	54.60	55.00	—	—
May	54.70	55.10	—	—

COCOA 10 tonnes, $/tonnes	Close	Prev	High	Low
March	18.23	18.38	18.33	18.20
May	18.60	18.75	18.70	18.57
July	18.91	19.05	19.02	18.88
Sept	19.16	19.36	19.21	19.15
Dec	19.40	19.60	19.50	19.48
March	19.70	19.90	19.80	19.80
May	19.88	20.08	—	—

COFFEE "C" 37,500 lb, cents/lb	Close	Prev	High	Low
March	125.30	124.07	125.65	123.75
May	127.75	126.40	128.00	126.40
July	129.70	128.60	130.10	128.60
Sept	131.60	130.51	131.75	131.00
Dec	133.25	133.00	133.25	133.25
March	134.25	134.00	—	—
May	137.00	134.55	—	—

COPPER 25,000 lb, cents/lb	Close	Prev	High	Low
Feb	60.65	60.55	—	—
March	60.95	60.85	61.00	60.55
May	61.50	61.40	61.50	61.10
July	62.00	61.90	62.00	61.65
Sept	62.45	62.35	62.35	62.20
Dec	60.45	60.15	60.45	60.30
Jan	—	60.40	—	—
March	63.80	63.70	63.70	63.70
May	64.10	64.00	—	—
July	64.40	64.30	—	—
Sept	64.70	64.60	—	—
Dec	63.10	63.00	63.00	63.00

COTTON 50,000 lb, cents/lb	Close	Prev	High	Low
March	57.00	56.41	57.49	56.65
May	56.45	55.98	56.85	56.15
July	56.00	55.53	56.45	56.76
Oct	55.80	55.20	55.90	55.35
Dec	55.20	55.15	55.80	55.05
March	56.05	55.55	56.10	56.00

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels	Latest	Prev	High	Low
March	18.12	18.36	18.27	18.04
April	18.05	18.27	18.17	17.99
May	18.00	18.18	18.08	17.91
June	17.89	18.03	17.90	17.82
July	17.78	17.90	17.85	17.78
August	17.75	17.83	17.76	17.75
Sept	17.72	17.78	17.76	17.66
Oct	17.80	17.78	17.80	17.75
Nov	—	—	—	—
Dec	17.85	17.86	17.90	17.80

GOLD 100 troy oz, $/troy oz	Close	Prev	High	Low
Feb	402.7	403.6	405.7	402.0
March	404.1	405.0	405.5	404.0
April	406.2	407.2	409.2	405.4
June	410.0	411.0	413.0	409.5
August	413.8	414.8	416.5	414.0
Oct	417.4	418.4	—	—
Dec	421.1	422.1	423.5	421.2
Feb	425.0	426.0	426.0	425.5
June	432.8	433.8	433.1	433.1
August	—	—	—	—
Oct	417.4	418.4	—	—
Dec	445.8	446.8	—	—

ORANGE JUICE 15,000 lb, cents/lb	Close	Prev	High	Low
March	122.70	123.25	123.25	121.90
May	123.90	124.60	124.55	123.30
July	124.95	125.45	125.45	124.00
Sept	125.65	126.25	126.00	125.00

PLATINUM 50 troy oz, $/troy oz	Close	Prev	High	Low
Feb	518.5	523.2	—	—
March	—	521.5	—	—
April	522.0	525.7	527.0	519.0
July	525.2	529.1	529.5	523.0
Oct	—	—	—	—
Jan	—	538.5	—	—
Feb	—	—	—	—
April	537.5	542.1	—	—

SILVER 5,000 troy oz, cents/troy oz	Close	Prev	High	Low
Feb	550.1	551.8	—	—
March	552.5	554.5	556.0	552.0
May	558.3	560.3	561.0	558.0
July	64.1	566.1	567.5	563.5
Sept	570.2	572.2	570.0	570.0
Dec	529.0	530.0	—	528.0
Jan	—	580.4	—	—
March	587.9	589.9	—	—
May	594.2	596.2	—	—
July	600.8	602.8	602.0	602.0
Sept	607.3	609.3	—	—
Dec	579.1	581.1	583.5	579.0

SUGAR WORLD "11" 112,000 lb, cents/lb	Close	Prev	High	Low
March	7.65	7.66	8.12	7.63
May	7.86	8.01	8.25	7.83
July	7.93	8.08	8.30	7.92
Sept	7.92	8.06	—	—
Oct	7.99	8.15	8.37	7.99
Jan	5.41	5.35	5.30	5.30
March	8.34	8.51	8.67	8.30

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb	Close	Prev	High	Low
Feb	64.67	63.70	64.75	63.70
April	63.97	63.52	64.07	63.40
June	62.15	61.77	63.20	61.60
August	60.00	59.55	60.05	59.45
Oct	59.07	58.42	59.15	58.42
Dec	—	—	—	—
Feb	58.55	58.00	58.70	58.15

LIVE HOGS 30,000 lb, cents/lb	Close	Prev	High	Low
Feb	50.55	50.15	50.67	50.05
April	45.57	45.82	46.05	45.40
June	47.60	47.82	48.09	47.32
July	47.50	47.72	47.90	47.35
August	44.40	44.72	44.90	44.37
Oct	40.52	40.65	40.75	40.50
Dec	—	—	—	—
Feb	—	—	—	—
April	38.60	38.57	38.70	38.60

MAIZE 5,000 bu min, cents/56-lb bushel	Close	Prev	High	Low
March	157.6	158.4	159.0	157.4
May	163.6	164.4	165.0	163.4
July	167.4	168.2	169.0	167.4
Sept	171.0	172.2	172.0	171.0
Dec	175.6	177.0	177.0	175.4
March	183.2	184.0	184.0	183.0
May	186.0	187.0	186.6	185.5

PORK BELLIES 38,000 lb, cents/lb	Close	Prev	High	Low
Feb	67.10	66.75	67.30	66.45
March	65.80	65.87	66.30	65.25
May	65.77	66.07	66.30	65.50
July	64.20	64.55	64.87	64.05
August	62.25	62.12	62.70	61.95

SOYABEANS 5,000 bu min, cents/60-lb bushel	Close	Prev	High	Low
March	498.0	500.0	—	497.6
May	497.2	499.0	499.0	497.0
July	496.4	498.0	498.2	496.2
August	494.6	496.4	496.0	494.6
Sept	484.4	486.4	486.4	484.4
Nov	482.4	484.2	484.0	482.4
Jan	488.6	490.4	489.4	488.6
March	495.0	497.0	496.0	495.0
May	498.4	500.0	—	—

SOYABEAN MEAL 100 tons, $/ton	Close	Prev	High	Low
March	145.8	146.3	146.6	145.6
May	141.1	141.5	141.8	141.0
July	139.1	139.5	139.6	139.0
August	138.8	139.4	139.3	138.7
Sept	138.3	139.3	139.2	138.3
Oct	138.0	138.7	138.5	138.0
Dec	138.7	140.2	139.3	138.7
Jan	139.1	140.4	139.0	139.2

SOYABEAN OIL 60,000 lb, cents/lb	Close	Prev	High	Low
March	16.42	16.46	16.53	16.38
May	16.76	16.82	16.85	16.73
July	17.07	17.09	17.15	17.02
August	17.16	17.17	17.22	17.10
Sept	17.22	17.22	17.25	17.18
Oct	17.20	17.12	17.30	17.10
Dec	17.25	17.20	17.30	17.20
Jan	17.25	17.10	17.35	17.21

WHEAT 5,000 bu min, cents/60-lb bushel	Close	Prev	High	Low
March	289.4	288.2	290.2	287.6
May	274.4	272.0	276.0	271.6
July	255.2	253.6	255.2	253.4
Sept	253.6	252.6	254.0	253.0
Dec	260.0	259.0	260.2	259.2
March	289.4	288.2	290.2	287.6

SPOT PRICES—Chicago loose lard 14.00 (14.50) cents per pound. Handy and Harman silver bullion 551.50 (548.00) cents per troy ounce.

OIL

March and April Brent traded actively in a market which fell steadily all day under pressure from weak products and from unsold February cargoes. March WTI opened 12c down on Nymex and traded 27c down at 1.30 pm EST. The petroleum products market tumbled in line with crude. Fuel oil, gas oil and Naphtha all traded down. Gasoline was marked down with the other products. Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Feb.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.70-16.75*	—0.85
Brent Blend	17.60-17.70	—0.50
W.T.I. (1pm est)	18.05-18.10*	—0.30
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	172-176	—3.5
Gas Oil	150-152	—5.0
Heavy fuel oil	82-86	—7.0
Naphtha	153-155	—3.0

* March Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or —	Business Done
Feb	150.00	—4.0	155.00-150.0
Mar	150.50	—5.75	154.00-150.2
Apr	149.50	—2.75	152.25-149.5
May	147.50	—2.00	149.75-147.5
June	146.00	—1.00	148.50-146.0
July	—	—	—

Turnover: 3,808 (3,835) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or —	Business Done
Feb	—	—	
Mar	91.00	—2.50	91.00
Apr	—	—	

Turnover: 2 (4) lots of 100 tonnes.

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets: GB—Cattle 93.35p per kg lw (+0.95); GB—Sheep 181.86p per kg est dcw (+16.96); GB—Pigs 74.40p per kg lw (+3.00); GB—AAPP 94.65p per kg dw (—0.09).

SUGAR

Prices lifted sharply during the morning following the late run-up in New York yesterday. Later the advance faltered as No 11 quotations moved onto the defensive, reports Czarnikow.

No. 6 Contract	Y'sterdy's close	Previous close	Business done
	$ per tonne		
Mar	172.6	170.4	181.0-171.0
May	178.0-178.5	174.9-174.5	185.8-175.8
Aug	178.0	178.0-176.8	185.2-186.8
Oct	178.8	178.4	188.0-181.0
Dec	187.0-191.0	178.0-180.0	—
Mar	191.4	184.0-186.0	195.8-191.0
May	194.0-198.0	185.0-191.8	—

Sales: 4,627 (2,437) lots of 50 tonnes.

PARIS—(FFr per tonne): March 1266-1268; May 1291-1294; Aug 1325-1330; Oct 1350-1358; Dec 1380-1398; March 1415-1430.

LONDON DAILY PRICE—Raw sugar $191.50 (£126.00) up $12.00 (up £7.00) a tonne for February-March delivery. White sugar $209.00 ($203.00).

Tate and Lyle delivery price for granulated basis sugar was £231.50 (£244.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for February 2: Daily price 7.44 (7.27); 15-day average 6.90 (6.81).

FREIGHT FUTURES

Market showed some recovery on light short covering following previous days sell-off. Later news includes talk of Gulf/Japan.

	Close	High/Low	Prev.
Dry Cargo			
April	758	758/754	647/650
July	646/647	646/643	761/765
Oct.	742/745	745/741	770/775
Jan.	750/758	754	795/805
Apr.	798	—	680/69
July	820/810	—	730
Oct.	750	—	800/880
Jan.	840/845	—	—
BFI.	856	—	861.5

Turnover: 117 (—).

Uganda coffee cash crisis

THE Uganda Coffee Marketing Board, which provides nearly all Uganda's export revenue, is suffering a cash crisis and at least two banks have stopped honouring its cheques, Reuters report.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Pound follows dollar up

THE DOLLAR gained ground in rather uncertain currency trading yesterday. There were reports of commercial demand for the US currency, but dealers also suggested a general lack of direction at present. Recent US economic data, including last Friday's December trade figures, and leading indicators published Tuesday, have been better than expected, but the longer term prospects for the US are shrouded in doubt. Further guidance may be provided by tomorrow's January unemployment figures, while today's US Treasury auction of $9.25bn in 29¾-year bonds is overhanging the market and causing nervousness. Officials from the Group of Seven began a meeting in Florence yesterday, amid rumours from Tokyo about a possible ministerial meeting soon to discuss currency problems.

The dollar rose to DM 1.8150 from DM 1.7975; to FFr 6.0550 from FFr 6.0025; to SFr 1.5320 from SFr 1.5175; and to Y152.75 from Y152.40.

On Bank of England figures the dollar's index rose to 103.5 from 103.0.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.5071. Exchange rate index rose 0.2 to 68.5, compared with 70.7 six months ago.

Sterling held on to the dollar's coat tails, gaining ground against Continental currencies, in spite of a fall in North Sea oil prices to below $18 a barrel. There were no other new factors, and the pound was generally on the sidelines, with speculation about an early UK general election continuing to provide background nervousness. Sterling lost 55 points to $1.5220-1.5230 against a stronger dollar, but rose to DM2.7625 from DM2.7475; to FFr 9.22 from FFr 9.1725; to SFr 2.3325 from SFr 2.3175; and eased slightly to Y232.50 from Y232.75.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 148.8 against 138.8 six months ago.

The D-mark weakened against the dollar in Frankfurt. Short covering pushed the US currency above DM 1.81, but dealers said this was also a technical reaction to Tuesday's attempts to push the dollar lower. They added there was no apparent trend and the dollar was likely to hold in a range of DM 1.79 to DM 1.82 for the next few days. A rise to 10 per cent in West German January unemployment, from 8.9 per cent in December, helped underpin the dollar's rise, while the recent easing of short-term money market rates in Frankfurt is also discouraging any strong flow of capital into the D-mark. The Bundesbank did not intervene when the dollar rose to DM 1.8123 at the Franfurt fixing from DM 1.7935.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. January average 154.62. Exchange rate index 209.7 against 219.2 six month ago.

The yen was little changed against the dollar in Tokyo yesterday. Dealers continued to see a bleak outlook for the US economy, in spite of Tuesday's better than expected economic data. This restricted the upward potential of the dollar, but the market was equally reluctant to take out short positions, ahead of today's auction of 29¾-year bonds by the US Treasury. It was suggested the US has tried to limit the dollar's decline to prevent overseas investors, especially the Japanese, from being discouraged from buying at the auction. Dealers were also waiting for new factors, including Friday's January US unemployment figures. The dollar closed at Y152.40 in Tokyo, compared with Y152.30 on Tuesday, but unchanged from the New York close.

£ IN NEW YORK

Feb 4	Latest	Previous Close
£ Spot	1.5205-1.5215	1.5280-1.5290
1 month	0.60 0.57 pm	0.56-0.55 pm
3 months	1.78-1.74 pm	1.73-1.70 pm
12 months	6.20-6.10 pm	6.21-6.11 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Feb. 4	Previous
8.30 am	68.4	68.3
9.00 am	68.4	68.3
10.00 am	68.4	68.3
11.00 am	68.5	68.3
Noon	68.5	68.4
1.00 pm	68.5	68.4
2.00 pm	68.6	68.3
3.00 pm	68.5	68.3
4.00 pm	68.5	68.3

CURRENCY RATES

Feb. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.831731	0.746167
U.S. Dollar	5.5	1.26631	1.13604
Canadian $	8.20	*	1.50980
Austrian Sch.	4	16.1429	14.4913
Belgian Franc	8½	47.6006	42.7094
Danish Krone	7	8.68309	7.79437
Deutsche Mark	3.0	2.29493	2.06009
Neth. Guilder	4½	2.59024	2.32388
French Franc	9½	N/A	6.87304
Italian Lira	12	N/A	1466.63
Japanese Yen	3.0	193.049	173.587
Norway Krone	8	8.84391	7.93126
Spanish Peseta	—	162.232	145.583
Swedish Krona	7½	8.22025	7.37517
Swiss Franc	3.5	1.93682	1.73980
Greek Drach.	20½	168.426	150.911
Irish Punt	—	N/A	0.774925

*CS/SDR rate for Feb. 3; N/A

CURRENCY MOVEMENTS

February 4	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.5	−25.7
U.S. Dollar	103.5	−3.5
Canadian Dollar	78.7	−9.8
Austrian Schilling	139.5	+10.8
Belgian Franc	100.9	−3.5
Danish Krone	94.1	+4.8
Deutsche Mark	148.8	+22.9
Swiss Franc	171.7	+21.7
Guilder	136.0	+15.3
French Franc	72.3	−12.1
Lira	48.6	−15.5
Yen	209.7	+56.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Feb. 3	£	$
Argentina	2.0175-2.0255	1.3280-1.3320
Australia	2.2720-2.2750	1.4940-1.4950
Brazil	25.3390-25.4820	16.6760-16.7590
Finland	6.9095-6.9200	4.5480-4.5500
Greece	200.30-203.80	131.60-133.85
Hong Kong	11.8400-11.8550	7.7830-7.7850
Iran	111.45*	72.35*
Korea (Sth)	1302.95-1314.75	852.80-859.80
Kuwait	0.4200-0.4210	0.27645-0.27665
Luxembourg	56.95-57.05	37.40-37.50
Malaysia	3.8590-3.8645	2.5360-2.5380
N. Zealand	2.7815-2.7890	1.8290-1.8320
Saudi Ar.	5.6980-5.7035	3.7500-3.7510
Singapore	3.2530-3.2585	2.1390-2.1410
S. Af. (Cm)	3.1425-3.1640	2.0725-2.0765
S. Af. (Fn)	6.4740-6.7620	4.2550-4.4445
Taiwan	53.30-53.60	35.00-35.10
U.A.E.	5.5800-5.5855	3.6725-3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.7094	+0.59	+0.59	±1.5344
Danish Krone	7.85212	7.79437	−0.74	−0.74	±1.6404
German D-Mark	2.05853	2.06009	+0.08	+0.08	±1.0981
French Franc	6.90403	6.87304	−0.45	−0.45	±1.3674
Dutch Guilder	2.31943	2.32388	+0.19	+0.19	±1.5012
Irish Punt	0.774925	0.774925	+0.85	+0.85	±1.6684
Italian Lira	1483.58	1466.63	−1.14	−1.14	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Feb. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5180-1.5255	1.5220-1.5230	0.57-0.54 c pm	4.37	1.74-1.69 pm	4.51
Canada	2.0177-2.0280	2.0210-2.0220	0.58-0.48 c pm	3.15	1.78-1.63 pm	3.37
*Neth'lands	3.10½-3.12	3.10½-3.11½	1⅜-1¼ c pm	5.06	4¼-4 pm	5.63
Belgium	57.00-57.28	56.95-57.05	13-8 c pm	2.21	43-35 pm	2.74
Denmark	10.40¼-10.46	10.42½-10.43½	⅞-1 ore dis	−0.93	1¼ Par pm	−0.34
Ireland	1.0331-1.0406	1.0350-1.0360	0.20-0.35 p dis	−3.19	0.65-0.95 dis	3.09
W. Germany	2.75¼-2.76¼	2.75¼-2.76¼	1⅝-1½ pf pm	6.52	4⅝-4½ pm	6.52
Portugal	212.22-213.51	212.60-213.50	110-230c dis	−9.58	245-490 dis	−6.90
Spain	194.53-195.11	194.55-194.85	20-55 c dis	−2.31	70-115 dis	−1.90
Italy	1958-1968¼	1960½-1961½	2pm-1 lire dis	−0.31	3pm-1 dis	−0.20
Norway	10.45½-10.64½	10.45¼-10.46¼	2½-3⅞ ore dis	−3.66	9½-11⅛ dis	−3.94
France	9.18¾-9.21¼	9.21½-9.22½	1⅞-1¼ c pm	2.03	5-4 pm	1.95
Sweden	9.86¼-9.90¼	9.87½-9.88½	⅝-⅛ ore pm	0.61	1¼-⅛ pm	0.43
Japan	232-233	232-233	1⅜-1⅛ y pm	6.45	4-3¾ pm	6.67
Austria	19.34-19.44	19.40-19.45	9⅝-8½ gro pm	5.60	28⅜-26⅛ pm	5.61
Switzerland	2.32½-2.33¼	2.32¼-2.33¼	1½-1¼ c pm	7.07	4½-4 pm	7.29

Belgian rate is for convertible francs. Financial franc 57.90-58.00. Six-month forward dollar 3.29-3.24 c pm. 12-month 6.15-6.05 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Feb. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5180-1.5255	1.5220-1.5230	0.57-0.54c pm	4.37	1.74-1.69 pm	4.51
Ireland†	1.4685-1.4710	1.4680-1.4690	1.10-0.80c pm	7.77	3.00-2.50 pm	7.50
Canada	1.3248-1.3316	1.3250-1.3260	0.13-0.16c dis	−1.04	0.39-0.44 dis	−1.25
Netherlands	2.0330-2.0535	2.0420-2.0430	0.13-0.10c pm	0.68	0.48-0.43 pm	0.89
Belgium	37.35-37.70	37.40-37.50	6-8c dis	−2.24	15-19 dis	−1.82
Denmark	6.82-6.88	6.84½-6.85¼	2.15-3.05ore dis	−4.55	6.80-7.70 dis	−4.23
W. Germany	1.8025-1.8215	1.8145-1.8155	0.31-0.28pf pm	1.95	0.97-0.92 pm	2.09
Portugal	141-141½	140¼-141½	125-200c dis	−13.83	325-475 dis	−11.35
Spain	127.50-128.50	127.65-127.75	60-70 c dis	−7.02	188-203 dis	−6.10
Italy	1284-1296	1287¼-1287¾	4-5 lire dis	−4.18	13½-15 dis	−4.42
Norway	6.87-6.99½	6.87-6.87½	4.30-5.00 ore dis	−7.99	14.50-15.20dis	−8.51
France	6.01¾-6.07¼	6.05¾-6.05¾	1.10-1.30c dis	−2.38	3.75-4.15 dis	−2.62
Sweden	6.46¼-6.50¼	6.48¼-6.49¼	2.05-2.55 ore dis	−4.25	6.45-7.05 dis	−4.16
Japan	152.30-153.00	152.70-152.80	0.26-0.23y pm	1.93	0.82-0.77 pm	2.08
Austria	12.68½-12.80	12.75-12.75½	1.50-1.10gro pm	1.22	4.00-3.00 pm	1.10
Switzerland	1.5230-1.5380	1.5315-1.5325	0.36-0.31c pm	2.63	1.04-0.99 pm	2.65

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.00-38.10.

EURO-CURRENCY INTEREST RATES

Feb. 4	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10¾-11	10⅞-11	11-11⅛	10⅞-11⅛	10¾-10⅞	10¾-10⅞
U.S. Dollar	5⅞-6⅛	6-6⅛	6⅛-6¼	6⅛-6¼	6⅛-6¼	6⅛-6¼
Can. Dollar	7½-7¾	7½-7¾	7¼-7½	7⅜-7⅝	7⅜-7⅝	7⅜-7⅝
D. Guilder	5¼-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5¼-5½
Sw. Franc	1½-2	1⅛-1⅝	3⅛-3¼	3⅛-3⅜	3⅛-3½	3⅜-3⅝
Deutschmark	3⅞-4	3⅞-4	3⅞-4⅛	3⅞-4⅛	3⅞-4⅛	4-4⅛
Fr. Franc	8⅛-8½	8⅜-8⅝	8⅝-8¾	8⅞-8⅞	8⅞-8⅞	8¾-8⅞
Italian Lire	9-12	9¾-11¼	10½-11¼	10½-11	10¼-10⅝	10¼-10⅝
B. Fr. (Fin.)	8⅛-8¾	8-8¼	7¾-8	7⅝-7⅞	7½-7¾	7½-7¾
B. Fr. (Con.)	8-9	8¼-9¼	8¼-8¾	7¾-8⅛	7¾-8¼	7½-8
Yen	4⅜-4½	4⅜-4⅛	4⅛-4¼	4⅛-4⅜	4-4⅛	4-4⅛
D. Krone	10⅝-11⅛	10⅝-11⅛	10⅝-11⅛	10⅜-10⅞	10⅜-10⅞	10¼-10¾
Asian $ (Sing.)	6⅛-6¼	6⅛-6¼	6⅛-6¼	6⅛-6¼	6⅛-6¼	6⅛-6¼

Long-term Eurodollars: Two years 6⅞-6⅞ per cent; three years 6⅞-7⅛ per cent; four years 7¼-7½ per cent; five years 7½-7⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb. 4	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.523	2.763	232.5	9.220	2.333	3.110	1961.	2.019	57.00
$	0.657	1.	1.814	152.7	6.056	1.532	2.043	1288.	1.326	37.44
DM	0.362	0.551	1.	84.16	3.338	0.844	1.126	709.9	0.731	20.63
YEN	4.301	6.548	11.88	1000.	39.66	10.03	13.38	8434.	8.682	245.2
F Fr.	1.085	1.651	2.996	252.2	10.	2.530	3.373	2127.	2.189	61.82
S Fr.	0.429	0.653	1.184	99.68	3.953	1.	1.333	840.7	0.865	24.44
H Fl.	0.322	0.490	0.888	74.76	2.965	0.750	1.	630.5	0.649	18.33
Lira	0.510	0.776	1.409	118.6	4.702	1.189	1.586	1000.	1.029	29.07
C $	0.495	0.754	1.369	115.2	4.568	1.156	1.541	971.5	1.	28.24
B Fr.	1.754	2.671	4.846	407.9	16.18	4.092	5.456	3440.	3.541	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilt prices firmer

GILT PRICES rose quite sharply in the London International Financial Futures exchange yesterday, helped by a slightly firmer trend in sterling. The slight improvement in sentiment also encouraged some short covering of bear positions and this trend was accelerated by Monday's encouraging reaction to the US 3-year bond auction.

Some dealers were also optimistic about the possibility of a cut in UK clearing bank base rates some time before the UK budget due on March 17.

The March long gilt price opened at 114-27 up from 114-22 on Tuesday and touched a high of 115-24 before closing at 115-20.

Three-month sterling deposits were also firmer, having traded within a very narrow range just recently. The March price opened at 89.21 and rose to a high of 89.30 before closing at 89.27, up from 89.19 at the previous close.

US Treasury bonds finished on a firmer note, helped by Monday's encouraging three-year note auction. Some traders remained sceptical, however, claiming that the longer term auctions were likely to be of more significance. After the close of trading last night there was a 10-year auction followed by a 30-year auction today. The March Treasury bond price opened at 99-05 little changed from Monday's close of 99-06. However, any early selling soon dried up and values were marked up to touch a best level of 99-14 before closing at 99-11. The dollar's better tone also helped to improve sentiment while the recent weakness of the Federal funds rate also provided a fillip.

The March three-month Eurodollar contract opened at 93.73 which proved to be the day's low and reached a high of 93.76 before closing at 93.74, up from 93.71 on Tuesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	9.40	9.55	0.00	0.09
108	7.40	8.07	0.00	0.25
110	5.41	6.26	0.01	0.44
112	3.43	4.53	0.03	1.07
114	1.59	3.31	0.19	1.49
116	0.47	2.29	1.07	2.47
118	0.12	1.37	2.36	3.55
120	0.02	1.02	4.26	5.20

Estimated volume total, Calls 1,936 Puts 679
Previous day's open int, Calls 16,605 Puts 10,019

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	9.22	8.45	0.00	0.11
92	7.22	6.59	0.00	0.25
94	5.23	5.18	0.01	0.48
96	3.28	3.55	0.06	1.21
98	1.49	2.43	0.27	2.09
100	0.36	1.43	1.14	3.09
102	0.07	1.06	2.49	4.36
104	0.00	0.41	4.42	6.07

Estimated volume total, Calls 20 Puts 25
Previous day's open int, Calls 1,094 Puts 588

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Feb	Calls—Last Mar	Puts—Last Feb	Puts—Last Mar
17250	13.62	13.93	0.02	0.33
17500	11.18	11.69	0.08	0.59
17750	8.81	9.59	0.21	0.99
18000	6.61	7.67	0.51	1.57
18250	4.65	5.99	1.05	2.39
18500	3.05	4.60	1.95	3.50
18750	1.84	3.32	3.24	4.72
19000	1.08	2.34	4.98	6.24

Estimated volume total, Calls 43, Puts 3
Previous day's open int, Calls 246, Puts 194

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5225	1.5170	1.5054	1.4899	1.4615

IMM—STERLING $s per £

	Latest	High	Low	Prev
Mar.	1.5140	1.5180	1.5105	1.5210
June	1.4990	1.5020	1.4940	1.5045
Sept.	1.4815	1.4900	1.4800	1.4895

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Mar.	1.5152	1.5144	1.5122	1.5195
June	1.4990	1.4958	1.4958	1.5027
Sept.	1.4838	—	—	1.4877

Estimated volume 45 (57)
Previous day's open int 1,003 (1,003)

TOTAL VOLUME IN CONTRACTS: For 4/2/87 45,236

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Mat Credit Corp. Ltd.	11
Allied Arab Bk Ltd.	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk.	11	Comm. Bk. N. East	11	Northern Bank Ltd.	11
Amro Bank	11	Consolidated Cred.	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd.	12
Associates Cap Corp.	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd.	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd.	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp.	11½	Trustee Savings Bnk	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambro Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd.	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

MONEY MARKETS

UK rates lower where changed

INTEREST RATES were slightly easier where changed in the London money market yesterday. The slightly easier trend was partly a reflection of sterling's better performance. Three-month interbank money was unchanged at 11⅛-10⅞ per cent while the 12-month rate was marginally easier at 10⅞-10¾ per cent compared with 10⅞-10¾ per cent. Short-term rates were a little firmer however, reflecting a shortage of funds supplied by the Bank of England in relation to the published forecast. There appeared to be little reason behind the shortfall and while discount houses managed to square their books without having to pay up too much, the shortage outside the discount market managed to push overnight interbank money up to a high of 12 per cent, having opened at 10¾-10½ per cent.

UK clearing bank base lending rate 11 per cent since October 15

The Bank of England forecast a shortage of around £300m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £174m, a rise in the note circulation of £95m and banks' balances brought forward £90m below target. These were partly offset by Exchequer transactions which added £45m.

The Bank gave assistance in the morning of £12m through outright purchases of eligible bank bills, £3m in band 2 at 10⅞ per cent, £3m in band 3 at 10¾ per cent and £6m in band 4 at 10⅞ per cent.

Further help was given in the afternoon of £66m through outright purchases of eligible bank bills in band 2 at 10⅞ per cent. Late help came to £40m, making a total of £118m.

In Frankfurt dealers seemed fairly sure that today's meeting of the Bundesbank central council would leave credit policies and interest rates unchanged. Yesterday's allocation of DM 16bn through the Bank's latest sale and repurchase agreement replaced a maturing agreement of DM 10.5bn and call money fell to 3.80 per cent from 3.90 per cent as a result.

Dealers were unsure about the Bank's next move. Much depends upon the performance of the dollar since intervention by the central bank inevitably has an effect on domestic liquidity levels.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 4) 3 months U.S. dollars		6 months U.S. dollars	
bid 6⅛	Offer 6¼	bid 6⅛	Offer 6¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7½
Broker loan rate	7¼
Fed. funds	6⅛
Fed. funds at intervention	6⅛

Treasury Bills and Bonds

One month	5.20	Three year	6.52
Two month	5.59	Four year	6.67
Three month	5.72	Five year	6.74
Six month	5.80	Seven year	7.04
One year	5.85	10 year	7.23
Two year	6.36	20 year	7.51

Feb. 4	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.75-3.85	3.60-3.75	3.80-3.95	3.85-4.00	3.90-4.10	5.0
Paris	8⅛-8¼	8⅛-8⅞	8⅛-8⅞	8½-8⅝	8⅛-8⅞	8
Zurich	⅞-1⅛	3⅛-3¼	—	3¼-3⅜	—	—
Amsterdam	5⅛-5⅜	5⅛-5⅜	—	5¼-5⅜	—	—
Tokyo	4.40625	4.28125	—	4.34375	—	—
Milan	11¾-12¼	12-12½	—	11⅞-11⅞	—	—
Brussels	8.40	7⅞-8	—	7⅞-7⅞	—	—
Dublin	13¼-13⅝	14⅛-14¼	14⅛-14⅜	14⅛-14⅜	13¼-13½	—

LONDON MONEY RATES

Feb. 4	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12-10½	10⅞-10⅞	11⅛-10⅞	11⅛-10⅞	10⅞-10¾	10⅞-10¾
Sterling CDs	—	—	11⅛-10⅞	10⅞-10⅞	10¾-10⅝	10⅝-10½
Local Authority Deposits	10¾-10⅝	10⅞-10¾	11⅛-11	11⅛-10⅞	10⅞-10⅞	10⅞-10¾
Local Authority Bonds	—	—	11⅛	11⅛	11⅛	11⅛
Discount Market Deposits	11-10½	10¾	10⅞	10⅞	—	—
Company Deposits	10¾	11¼	11⅛-11⅛	11⅛	10⅞	10⅞
Finance House Deposits	—	—	11	11⅛	10⅞	10⅞
Treasury Bills (Buy)	—	—	10⅞	10⅞	—	—
Bank Bills (Buy)	—	—	10⅞	10⅞	10⅞	—
Fine Trade Bills (Buy)	—	—	11⅛	11⅛	10⅞	—
Dollar CDs	—	—	6.50-6.00	6.25-6.00	6.25-6.00	6.25-6.00
SDR Linked Deposits	—	—	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛
ECU Linked Deposits	—	—	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛

Treasury Bills (sell): one-month 10⅞ per cent; three-months 10⅞ per cent; Bank Bills (sell): one-month 10⅞ per cent; three months 10⅝ per cent; Treasury Bills: Average tender rate of discount 10.5618 p.c. ECGD Fixed Finance Scheme IV reference date January 1 to 30 (inclusive): 11.098 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from February 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10½ per cent; three-six months 10⅝ per cent; six-nine months 10⅝ per cent; nine-12 months 10⅝ per cent. Under £100,000 10 per cent from January 23. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅞	97⅞	Treas 10¼pcCv '87	100⅛	.....	—	—
99¾	92⅞	Exch 2½pc 1987	99⅞	.....	—	—
101¼	97½	Exch 10½pc 1987	99⅞	+⅛	10.51	10.98
100⅛	93⅝	Funding 6½pc 85-87	99⅛	+⅛	6.55	9.74
101¼	96⅞	Treas. 10pc 1987	99⅞	.....	10.03	10.62
97⅞	90⅞	Treas 3pc 1987	97⅞	+⅛	3.07	8.06
104½	99⅞	Treas. 12pc 1987	101⅛	+⅛	11.87	10.38
99¼	92⅞	Treas 7¼pc 1985-88‡‡	98¼	+⅛	7.90	9.86
104	96¼	Exch 10½pc '88	100⅛	+⅛	10.48	10.29
102⅞	95⅛	Treas 9¾pc Cv '88	99⅛	+⅛	9.82	10.28
94¼	86⅝	Transport 3pc '78-88	93⅞	+⅛	3.20	7.89
102½	93⅞	Treas. 9½pc '88	98⅞	+⅛	9.63	10.34
107⅛	98⅛	Treas 11½pc 1989	102⅛xd	+⅛	11.25	10.26
103⅞	93⅛	Treas 9½pc Cnv 1989	98⅞	+⅛	9.65	10.30
92¼	82⅞	Treas 3pc 1989	90	+⅛	3.33	7.89
105⅛	95⅞	Treas 10½pc 1989	100⅞	+⅛	10.46	10.28
104⅞	94⅛	Exch.10pc 1989	99⅞	+⅛	10.06	10.29
107⅞	97	Exch 11pc 1989	101⅛	+⅛	10.84	10.33
93⅞	84½	Treas 5pc 1986-89	90⅝	.....	5.52	8.96
110⅞	94⅝	Exch 10¼pcCv '89	101⅛	.....	10.12	9.68
114⅞	103⅛	Treas 13pc 1990‡‡	106⅞	+¼	12.16	10.22
108⅛	97⅛	Exch 11pc 1990‡‡	101⅞xd	+⅛	10.79	10.22
113⅛	101⅞	Exch. 12½pc 1990	105⅞	+¼	11.81	10.27
89¼	79⅝	Treas. 3pc 1990	85⅞	+⅛	3.51	8.15
100⅞	69⅛	Treas 8¼pc 1987-90‡‡	95⅞	+⅛	8.62	9.75
105⅞	93	Treas. 10pcCv 1990	99⅛	+⅛	10.08	10.24
86⅞	76½	Exch 2½pc 1990	82⅝	+⅛	3.04	7.98
112⅞	99⅞	Treas 11¾pc 1991	104⅞	+¼	11.22	10.26
94¼	85⅞	Funding 5¾pc '87-91‡‡	88⅞	+⅛	6.50	9.14
86⅛	79⅞	Treas. 3pc 1991●	81⅞	+⅛	3.68	8.25
103⅞	95⅞	Treas 10pc Cv '91	101⅞	+⅛	9.89	9.69
110⅝	96⅞	Exch. 11pc 1991	102⅞	+¼	10.71	10.24

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

Miscellaneous

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
147	30	Anglo-Dominion	104	–4	—	—	—	
80	21	♥Colby Res Corp.	28½	+½	—	—	—	
300	115	Cons. Murch. 10c	£1¼	–⅛	Q60c	4.4	10.6	
48	24	‡Ennex Int. Ir10p	45	–1	—	—	—	
175	70	Greenwich Res.	155	......	—	—	—	
327	165	♥Highwood Res.	232	–1	—	—	—	
£20¾	£13⅝	Homestake Mining $1	£18 xd	+	Q20c	—	0.7	
310	150	♥McFinley Red Lake	160	–7	—	—	—	
285	103	♥Mosto Explorations	104	+1	—	—	—	
51	28	♥New Sabina Res C$1	40½	......	—	—	—	
404	200	Northgate C$1	388	–16	—	—	—	
790	513	RTZ	771	+3½	22.0	2.4	4.0	
£164	£115	Do. 9½pcLn '95-2000	£155½	+2	Q9½%	15.5	6.1	

THIRD MARKET

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
117	113	Allied Ins. Brokers	117	–1	13.5	2.5	4.2	
54	36	Catalyst Comm. 5p	46	+1	—	—	—	—
55	10	‡‡Eglinton Oil I£0.05	49	–3	—	—	—	—
40	8	Do. Warrants	29	–1	—	—	—	—
55	47	Theme Holdings	52	–1	—	—		
133	112	Unit Group	121	–1	R4.6	2.5	5.4	(8.7)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	70	......	Fin. 13% 97/02	£99⅝	......
Craig & Rose £1	£14¼	......	Arnotts	355	–5
Finlay Pkg. 5p	59	+1	CPI Hldgs	60	......

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16

* New time dealings may take place from 9.00 am two business days earlier.

Sharp rise in Government bonds as oil shares lead equity market to new peaks

The UK stock market resumed its advance yesterday, stimulated by a *firm pound and sharp gains in Government bonds*, which brought the 10 per cent yield on long-dated issues under challenge once again.

The equity sector was led strongly by demand for oil shares, and closed at new peaks. Imperial Chemical Industries rocketed higher in late dealings as the City buzzed with rumours that a leading London investment house had upgraded its profit forecast for the group.

London closed at the day's best, despite initial sluggishness on Wall Street. The FT-SE 100 index jumped 18.1 to a new all-time high of 1846.7, while the FT ordinary index, 14.3 up at 1472.8, also reached a new peak.

Share prices opened lower but turned upwards in response to overnight news that Aramco had agreed to buy Saudi Arabian crude oil on a fixed price term contract. The sterling exchange rate index moved higher, and Government bonds quickly followed.

Gilts were also helped by the favourable response of the New York bond market to the opening of the week's auctions of Federal securities. Supported also by the gain in US economic indicators, the outlook for global interest rates has brightened this week.

Traders reported a "reasonable demand" for long-dated Gilts, fuelled by demand from both foreign and domestic investors. *Gains ranged to nearly a full point at the longer end*, after some marginal profit-taking in the closing minutes.

After yesterday's gains, long Gilts need rise by only a further ¼ point to push yields below the 10 per cent barrier.

Oil shares were strong from the opening of the market after overnight reports of the Aramco deal with the Saudis. London buyers were overtaken by demand from across the Atlantic as soon as Wall Street opened.

Industrial stocks were more choosy. **Imperial Chemical** surged ahead on local demand, while both **Beecham** and **Glaxo** were restrained by profit-taking. *Export stocks again featured, with* **Jaguar** and **Racal** attracting New York support. Concern over a US Senate Bill to increase tax on tobacco hurt **BAT Industries**, which also suffered from suggestions that it might bid for American Brands.

UK merchant banks weakened *on the proposal to give the Bank of England greater powers to curb acquisitions of equity stakes in the banking sector*. Particularly weak were **Standard Chartered**, down 16p following press reports on last year's bid battle against Lloyds Bank.

Gold shares remained inactive, closing hardly changed from overnight levels. The sector was helped by a rally in London bullion prices, but traders were nervous over the general outlook for the dollar, and thus for the gold price.

Hill Samuel slump

News of the proposed changes to *the Banking Bill whereby the Bank of England is to be given greater powers to control acquisitions of large stakes in UK banks* demoralised **Hill Samuel**, the merchant bank in which Mr Larry Adler's FAI-Insurances has built up an "unwelcome" 14 per cent stake and New Zealand Insurance concern NZI also owns a 4.5 per cent interest. Hill Samuel fell sharply to end a nervous session 54 down at 460p. **Kleinwort Benson** were also badly affected and dropped 29 to 612p; the shares have been strong of late amid far-eastern stakebuilding speculation. **Morgan Grenfell**, meanwhile, held up well and closed only 4 easier at 412p. **Wintrust**, *on the other hand, advanced 17 to 320p in response to the better-than-expected interim figures*. Elsewhere, **Standard Chartered** came under renewed selling pressure, falling to 730p at one stage before closing 16 lower at 738p. Apart from **NatWest**, which added 6 to 585p, clearing banks drifted easier. **Midland** relinquished 2 at 592p as did **Lloyds**, at 475p. Among Discount Houses, **Union** jumped 17 to 785p following the bumper preliminary profits.

Composite Insurances failed to participate in the general advance. **General Accident** gave up 4 at 878p and **Sun Alliance** fell 9 at 695p.

Leading Breweries retained a *firm stance*. **Matthew Clark** were favoured and rose 8 to 475p, while **Young and Co "A"** picked up 5 at 295p. The sustained advance in **Vaux** came to an end as profit-takers appeared and the shares closed 6 lower at 574p. **Buckley's** also moved down, losing 5½ to 151p on the board's call to vote against the resolutions for the appointment of Bestwood's Tony Cole as a director and the removal of director Jasper Clutterbuck. Tony Cole has complained to the Office of Fir Trading about the so-called Whitbread umbrella.

Leading Buildings recovered strongly from an initial markdown to close on a very firm note. Takeover counter **Barratt Developments** *touched 187p at one stage* prior to closing 4 higher at 184p, while **Taylor Woodrow** rose 4 to 350p and **John Mowlem** 11 to 383p, reflecting US demand. **AMEC** continued firmly at 303p, up 5, while **Alfred McAlpine** gained 9 to 455p following a broker's recommendation. Elsewhere, **Arncliffe** jumped to 96p before easing back to 86p, a gain of 2 on balance, on news that Govett Strategic Investment Trust had acquired a 25.6 per cent stake in the company from the Cussins family. **Nottingham Brick** soared 40 to 365p following the announcement that the company is in discussions with an unnamed party which could lead to a recommended offer; **Marley**, 6 down at 135p, were mentioned as possible bidders. **Angle United** softened a couple of pence to 42p following comment on the annual results, but **Howard Shuttering** continued to reflect the excellent interim figures and touched 85p prior to closing 1½ higher at 79p.

ICI provided one of the day's outstanding movements, rising 13/16 to £13 15/16 following a lunch with Greenwell Montagu at which profits forecasts for 1988 and 1989 were raised. Elsewhere in the Chemical sector **Croda International** Ordinary added 3 to 188p and the Deferred a similar amount to 167p on takeover hopes. **Sutcliffe Speakman** hardened a penny to 64p following press comment.

Dixons rise

Press speculation that **Dixons** is on the verge of placing its 8.5m shares in Woolworth prior to making a substantial acquisition in the US induced good support for Dixons which closed an active session 13 higher at 331p after a turnover of over 14m shares: **Woolworth** rallied 11 at 735p. Other Store majors moved higher on Budget tax cut hopes with **Marks and Spencer** prominent with a gain of 7 at 198p and **Storehouse** 10 dearer at 295p. **Burton** moved up 5 afresh at 272p. Elsewhere, **Body Shop** attracted renewed support in a thin market and *finished 10 to the* good at 980p and **Courts "A"** added 6 at 154p.

Reflecting hopes that the engineers' strike could soon be over, investors chased **British Telecom** higher and following a turnover of 14m shares the close was 6½ dearer at 236p; sentiment was also helped by considerable traded option activity. **Racal**, meanwhile, continued to reflect the recent impressive half-year figures with a gain of 6½ at 223½p, while **STC** added a few pence at 204p. Elsewhere, a sudden flurry of speculative buying lifted **Sound Diffusion** 4 to 58½p and gains of 17 and 32 respectively were recorded in Domino Printing Sciences, 390p, and **Polytechnic Electronics**, 175p. **Molynx**, at 140p, however, met with profit-taking and lost 12 of this week's outstanding rise which greeted news of the change in management and placing of 39 per cent of the company's shares with institutions and individuals at 126p per share.

Engineers encountered selective buying. However, marked weakness in **Vivtor Products**, down 20 at 93p after 86p, on the poor interim figures and the forecast of substantially lower profits in the second half, provided the main feature of the day. In contrast, **GKN** revived with a gain of 3½ at 322½p and **TI** improved 4 to 585p: both companies are currently on Greenwell Montagu's "buy" list. Newsletter comment stimulated demand for **Metalrax**, 6 to the good at 96p, and USM listing **Atlas Converting Equipment**, 4 better at 160p. Further demand ahead of next Thursday's preliminary statement prompted a rise of 8 to 166p in **BirmidQualcast**. **Baker Perkins** *closed 7 cheaper at* 399p, following the company's statement regarding an approach from Hollis: **APV** gave up 10 to 643p.

Tate and Lyle moved ahead strongly following the chairman's confident statement at the annual meeting to close 21 higher on the day at 679p. Other leading Foods showed little alteration overall but **United Biscuits** added 3 to 268p and **Unigate** a similar amount to 361p. Retailers attracted selective buying interest with **Hesco** 3 dearer at 426p and **Kwik Save** 4 up at 262p. Elsewhere, **Geest**, up 7 at 221p, continued to attract buyers on stake-building rumours and vague suggestions of a possible merger *with* **Albert Fisher**. Speculative demand in a restricted market lifted **Home Farm Products** 10 to 111p. **Jack Israel** added 1½ to 23½p helped by option business.

Buying ahead of the annual results due on March 12 boosted **Ladbroke** 8 to 414p, but **Trusthouse Forte** encountered occasional selling and settled a couple of pence cheaper at 203p. **Friendly Hotels** attracted fresh support and gained 8 to 187p, a two-day rise of 21.

Hanson Trust active

Hanson Trust were a particularly active market (some 16m shares were traded) and settled 4 to the good at 146½p. Among the other miscellaneous industrial leaders, **BTR** overlooked to a certain extent of late, came to life with a gain of 9 at 290p, while **Boots** continued to attract a fair amount of attention and closed 4 better at 273p. Elsewhere, **Blue Arrow**, up 30 at 516p, reflected further expansion hopes, while **Evered** responded afresh to a broker's circular with a further gain of 10 at 230p. Demand persisted *for* **London International**, up 18 more at 320p. **Wellcome**, helped by newspaper comment, firmed 7 to 289p. **Rank Organisation** were noteworthy for a rise of 11 to 615p along with **Johnson Matthey** which improved 13 to 273p. **Barrow Hepburn** hardened 3 to 68p on the increased and final offer from *Yule Catto: the latter gained 13 more to 312p*. **English China Clays** edged up a penny further to 375p in anticipation of an ADR listing. Helped by Japanese buying, **Reuters B** hardened a couple of pence more to 596p; the preliminary figures are scheduled for next Wednesday. **Pentland Industries** ended 3 cheaper at 542p, after 535p, following news that the company had purchased at 25 per cent stake in the Gallini Group. **Fothergill and Harvey** ended at 314p following termination of talks with the company which made a tentative approach last Friday and the recommendation of Courtauld's increased and final offer.

Highly favoured by many domestic analysts, **Jaguar** managed an improvement of only 4 to 612p. **Lucas Industries** were supported and gained 5 to 555p, while Distributors **Glanfield Lawrence** and **Hartwells** added 4 apiece at 89p and 98p respectively.

A strong recommendation from Phillips and Drew generated *buying interest in* **BPCC**, up 4 at 295p, after 297p; the broking house reckons the shares are cheap and has upgraded its profits forecast for both the current year and 1988. Elsewhere, **Trade Promotion** rose 8 late to 218p, while **Octopus** advanced 15 more to 640p. A Press report of bid possibilities aroused speculative enthusiasm for **Lopex**, 7 up at 158p, while **Charles Barker** rebounded 5 to 131p.

Properaties generally failed to recover from an early mark-down, but **Great Portland Estates**, after dipping to 200p, picked up on revived institutional demand to close only a penny cheaper on balance at 205p. **Hammerson A** settled 10 lower at 435p, but **Slough Estates** hardened 2 to 184p. Elsewhere, takeover favourite **Marler Estates** soared 80 to 775p on talk of imminent developments. **Trafford Park Estates** gained 15 more to 305p in a restricted market.

Revived institutional interest enlivened business in **P. & O.** Volume increased to 2.7m shares and the price rose to 582p before easing to close a net 10 up at 579p. **British and Commonwealth**, 349p, were unmoved by a firm "buy" signal from BZW.

Profit-taking wiped the froth off Textiles and **Courtaulds**, against the overall run of play, came back 5 to 387p. Recent high-flier **Dura Mill** also suffered, losing 6 to 95p, while **Textured Jersey** eased to 150p. Firm counters were few but included **John Foster**, up 10 at 89p, and **Hugh Mackay**, another 5 better at 141p.

Fears of a US cigarette tax increase unsettled **BAT Industries**, selling was persistent and brought a close of 10 down at 496p.

The first of a series of regular commentaries on the Investment Trust sector from L. Messel & Co, a subsidary of Shearson Lehman Brothers of the US, encouraged *interest in the dozen or so stocks* recommended by their analysts as "buys." Sentiment was also underpinned by the fresh surge to peak levels in London equities, but closing gains were generally modest. Elsewhere, **Stockholders Far East Investments** bounded 15 to 330p in response to Tuesday's late news that the company is *examining the possibility of* unitisation. Awaiting today's interim statement, **Mid Wynd IT** improved 2 to 220p.

Suggestions that the group could face a £10m loss if the Australian National Companies and Securities Commission ruling on the purchase of 13.9m shares of Humes Corporation is not reversed *touched off nervous selling of* **Mercantile House**, which fell 10 further to 350p. **Authority Investments** *shed a little of the* previous days smart gain to close at 353p, but **Parambe** were supported and rose 6 to 69p.

Oils gain ground

The Oil majors were given a strong boost by reports that Aramco had entered an agreement to buy Saudi crude oil at fixed prices in long-term contracts. Quotations moved sharply higher despite weakening crude spot prices to close on a very firm note with **British Petroleum** finally 17 higher at 782p and **Shell** ¼ up at £11. **Britoil** gained 5½ to 193p and **Enterprise** 4½ to 193½p, while **LASMO** put on 3½ to 189½p. Late support left **IC Gas** 3 up at 589p, and **Ultramar** 2 better at 186p. Elsewhere, Ireland's **Conroy**, a dull market recently on rumours that the company had hit drilling problems at its County Kilkenny prospect, rallied 7 to 83p. Comment on the Clyde Petroleum/Goal Petroleum situation prompted profit-taking in **Goal**, finally 5 off at 68p.

Traded Options

A busier session in the Traded Options market was featured by **British Telecom**. Hopes of an early end to the current strike induced heavy demand for BT's options and 11,863 calls were done, 3,355 in the February 240s, 2,155 in the February 200s. Nearly 2,500 puts were also arranged. **Hanson Trust** were also fairly active with 4,157 calls transacted out of the total number of 38,438 calls struck.

Traditional Options

- **First dealings** Feb 2 Feb 16 Mar 2
- **Last dealings** Feb 13 Feb 27 Mar 13
- **Last declaration** *May 7 May 28 June 11*
- **For Settlement** May 18 June 8 June 22

For rate indications see end of Unit Trust Service

Money was given for the call of **Benchmark, London Securities, Amstrad, Hampton Trust, British Syphon, Hawley, Amber Day, Fobel, Equity and General, Sound** *Diffusion*, *Pineapple*, **Hambro Countrywide, Rotaprint, Radiant Metal, Thurgar Bardex, Thorn EMI, Hillsdown,** *Metal Closures*, **Stanley Miller, Ferranti, London Investment Trust, Grampian, London and Provincial Shop Centres, Hestair, Abaco, Armour Trust, TSB, Goal Petroleum, TI, Rockware, Pentland Industries, Chloride, Charterhall, Hyman, Mrs Field, Hanson Trust, Greenwich Resources, Sunleigh, Boustead, Burndene, Times Veneer, Wheway** and **Stockley**. Puts were arranged in **Samuelson, Downfbrae** and **Cronite**, while double options were transacted in **Hawley** and **Aberfoyle**.

FINANCIAL TIMES STOCK INDICES

	Feb. 4	Feb. 3	Feb. 2	Jan. 30	Jan. 29	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.61	85.31	85.35	85.31	85.35	81.51	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.34	92.29	91.93	91.90	91.43	87.13	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,472.8	1,458.5	1,463.9	1,441.0	1,427.0	1,163.1	1,472.8 (4/2/87)	1,094.3 (14/1/86)	1,472.8 (4/2/87)	49.4 (26/6/40)
Gold Mines	311.5	309.7	313.5	321.8	322.6	330.4	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.83	3.88	3.87	3.95	3.99	4.44				
Earnings Yld.%(full)	8.98	9.10	9.04	9.25	9.36	10.80				
P/E Ratio (net) (*)	13.64	13.47	13.55	13.26	13.10	11.53				
SEAQ Bargains (5 pm)	37,696	38,730	40,150	34,168	37,029	—				
Equity Turnover (£m)	—	1,270.31	1,484.45	1,344.33	1,589.94	555.95				
Equity Bargains	—	48,837	50,710	43,671	46,864	22,803				
Shares Traded (ml)	—	497.6	598.8	546.3	580.3	238.7				

S.E. ACTIVITY

Indices	Feb. 3	Feb. 2
Gilt Edged Bargains	122.3	124.0
Equity Bargains	316.4	328.6
Equity Value	2567.6	3000.5
5-Day Average		
Gilt Edged Bargains	121.9	125.8
Equity Bargains	309.6	307.3
Equity Value	2898.0	2891.6

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1455.9	1459.3	1464.6	1467.3	1472.3	1472.6	1470.6	1472.7

Day's High 1476.1. Day's Low 1455.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=13.14.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (150)

AMERICANS (4), CANADIANS (6), BANKS (1), BUILDINGS (1), BUILDINGS (12), CHEMICALS (7), STORES (3), ELECTRICALS (11), ENGINEERING (4), FOODS (5), HOTELS (1), INDUSTRIALS (26), INSURANCE (2), LEISURE (5), MOTORS (2), NEWSPAPERS (2), PAPER (5), PROPERTY (7), SHIPPING (1), SHOES (1), TEXTILES (2), TRUSTS (34), OILS (4), MINES (4).

NEW LOWS (2)

STORES (1) Tip Top, PAPER (1) Peters *Michael*.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	4,400	149	—	Ladbroke	2,000	415	+9
Allied Lyons	2,800	344	+2	Land Securities	2,400	344	−1
Amstrad	2,600	157	−3	Legal & Gen.	3,000	271	−3
Assoc. Brit. Foods	751	331	+1	Lloyds Bank	1,900	475	−2
BAT	9,700	496	−10	Lonrho	1,300	246½	−½
BET	360	501	+5	Marks & Spncr	10,000	198	+7
BOC	1,400	433	+3	Midland Bank	2,300	592	−2
BPB Inds	25	599	+1	NatWest Bank	2,700	585	+6
BTR	4,300	290	+9	Pearson	565	562	−6
Barclays	637	536	−1	P & O	2,800	579	+10
Bass	603	821	+4	Pilkington Bros	737	694	+1
Beecham	2,500	489	+2	Plessey	17,000	211	−3
Blue Circle	193	695	−1	Prudential	1,100	844	−7
Boots	5,900	273	+4	Racal	16,000	223½	+6½
Brit. Aero	935	589	+3	Rank Org	759	616	+12
Brit. Gas	37,640	69	+½	RHM	1,400	320½	+1½
Britoil	4,650	193	+5½	Reckitt & Col	434	957	+5
BP	7,700	782	+17	Redland	162	465	+1
Brit. Telecom	14,000	236	+6½	Reed Intl.	888	380	−5
Burton	7,200	272	+5	Reuters	535	596	+2
Cable & Wire	2,300	365	−4	RTZ	1,500	771	+14
Cadbury Schwps	3,200	225	+1	Rowntree Mac	897	461	+1
Coats Viyella	878	539	−7	Royal Insurance	571	895	−5
Comm. Union	2,600	306½	−4½	STC	6,400	204	+3
Cons. Gold	2,000	723	+11	Saatchi & Saatchi	273	829	−1
Cookson	2,900	546	−1	Sainsbury	351	439	+3
Courtaulds	2,300	387	−5	Scott & Newcastle	594	212	+1
Dee Corp	2,300	227	+1	Sears	4,100	125½	+1
Dixons Grp	14,000	331	+13	Sedgwick	1,000	308	−4
Fisons	220	597	−3	Shell Trans	3,400	£11 1/16	+¼
Gen. Accident	330	878	−4	Smith & Nephew	3,200	138½	+½
Gen. Elect.	8,200	201	+1	Standard Chart.	1,600	738	−16
Glaxo	1,200	£13 7/16	—	Storehouse	4,000	295	+10
Granada	820	321	−2	Sun Alliance	853	695	−9
Grand Met	2,200	487½	+½	TSB	3,300	76½	−½
Gus "A"	854	£11½	+⅛	Tarmac	660	489	−1
Guardian R.E.	938	824	+1	Tesco	1,850	426	+3
GKN	4,100	322½	+3½	Thorn EMI	1,000	560	+3
Guinness	3,100	289	—	Trafalgar House	1,300	300	+2
Hanson Trust	16,000	146½	+4	T'house Forte	1,100	203	−2
Hawker Sidd	994	524	−1	Unilever	282	£23⅝	−¼
Hillsdown Hlgs	558	230	—	United Biscuits	1,800	268	+3
ICI	7,900	£13 15/16	+13/16	Wellcome	4,400	289	+7
Imp. Cont. Gas	312	591	+5	Whitbread 'A'	1,400	284	−1
Jaguar	3,200	612	+4	Woolworth	1,600	735	+11

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	105	2	5
Corporations, Dominion and Foreign Bonds	4	19	48
Industrials	484	484	565
Financial and Properties	143	158	286
Oils	34	25	53
Plantations	2	4	8
Mines	84	30	69
Others	96	40	45
Totals	952	762	1,079

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Feb 4 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues Feb 3 Index No.	Mon Feb 2 Index No.	Fri Jan 30 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	781.51	+0.6	8.09	3.37	15.65	0.74	776.96	777.31	769.07	601.75
2	Building Materials (27)	959.74	−0.1	8.15	3.40	15.40	0.56	960.57	955.36	939.24	647.82
3	Contracting, Construction (28)	1343.89	+0.6	7.14	3.49	19.26	0.34	1336.30	1335.32	1323.71	945.98
4	Electricals (12)	1953.72	+0.6	7.71	4.02	16.64	0.00	1942.46	1952.75	1941.10	1693.78
5	Electronics (38)	1741.08	+0.3	8.26	2.37	16.07	5.15	1735.87	1738.02	1723.11	1459.31
6	*Mechanical Engineering (61)*	*443.04*	*+0.4*	*9.03*	*3.75*	*14.11*	*0.17*	*441.40*	*441.99*	*436.94*	*337.39*
8	Metals and Metal Forming (7)	407.18	+2.1	8.98	3.65	13.53	0.00	398.79	400.87	398.73	265.18
9	Motors (15)	313.48	+0.7	8.78	3.35	13.14	0.00	311.45	311.84	308.05	239.57
10	Other Industrial Materials (21)	1303.24	+1.8	6.97	4.23	17.14	0.09	1280.80	1285.80	1276.06	108.69
21	CONSUMER GROUP (186)	1060.61	+0.5	6.93	2.98	18.55	0.95	1054.94	1058.78	1038.44	780.12
22	Brewers and Distillers (22)	998.28	+0.1	8.53	3.47	14.73	0.00	997.18	999.18	981.48	793.87
25	Food Manufacturing (25)	812.68	+0.3	8.21	3.46	16.00	1.18	810.63	815.35	799.77	570.39
26	Food Retailing (16)	1967.62	+0.4	6.83	2.76	20.33	9.50	1958.98	1971.43	1956.35	1696.95
27	Health and Household Products (10)	1991.01	+0.5	4.77	1.91	24.30	0.02	1981.56	2002.88	1914.62	1332.74
29	Leisure (31)	1102.84	+0.1	6.82	3.76	19.24	0.73	1101.21	1109.47	1102.09	777.31
31	*Packaging & Paper (14)*	571.87	—	6.21	2.93	20.92	0.38	571.94	567.55	563.03	391.73
32	Publishing & Printing (14)	3334.06	−0.3	6.09	3.42	21.11	3.41	3342.45	3322.79	3261.59	1986.79
34	Stores (37)	897.02	+1.9	7.15	3.02	19.01	0.25	880.55	877.24	870.19	730.81
35	Textiles (17)	635.33	−0.9	8.29	3.19	13.88	0.00	641.36	649.30	635.49	436.26
40	OTHER GROUPS (87)	915.96	+1.6	8.34	3.61	14.91	0.52	901.16	898.53	884.97	723.02
41	Agencies (17)	1239.76	+0.4	4.63	1.77	29.43	0.30	1235.28	1237.15	1226.37	0.0
42	Chemicals (21)	1247.13	+4.1	7.12	3.38	17.10	2.85	1197.64	1194.90	1156.55	799.86
43	Conglomerates (13)	1156.13	+1.6	7.47	3.78	15.88	0.15	1137.45	1133.45	1125.86	0.0
45	Shipping and Transport (10)	1745.56	+1.1	6.04	4.28	20.90	0.00	1725.93	1731.02	1715.67	1394.13
47	Telephone Networks (2)	935.91	+2.0	9.99	4.12	13.65	0.00	917.61	906.61	898.15	866.45
48	Miscellaneous (24)	1212.52	−1.0	10.12	3.47	11.13	0.07	1225.26	1233.57	1214.70	885.13
49	INDUSTRIAL GROUP (482)	961.16	+0.9	7.61	3.25	16.66	0.79	953.06	954.06	938.86	727.23
51	*Oil & Gas (18)*	1632.91	+1.8	10.43	5.55	12.12	0.00	1603.51	1609.24	1611.71	1105.81
59	500 SHARE INDEX (500)	1017.86	+1.0	8.01	3.58	15.82	0.72	1007.90	1009.32	995.73	760.17
61	FINANCIAL GROUP (117)	648.94	−0.5	—	4.33	—	0.33	652.49	654.34	651.73	522.70
62	Banks (8)	714.62	—	17.77	5.14	7.72	0.69	714.75	715.07	714.91	517.21
65	Insurance (Life) (9)	919.07	−0.7	—	4.22	—	0.00	925.20	931.07	924.73	797.29
66	Insurance (Composite) (7)	493.71	−0.7	—	4.40	—	0.00	497.12	500.15	495.50	418.82
67	Insurance (Brokers) (9)	1183.56	−0.4	8.14	4.48	15.98	0.97	1188.90	1198.69	1197.64	1301.32
68	Merchant Banks (11)	370.99	−3.3	—	3.10	—	0.00	383.71	382.84	384.13	301.72
69	Property (47)	830.16	−0.4	5.75	3.54	22.63	0.05	833.49	837.15	829.98	664.92
70	Other Financial (25)	407.11	−0.3	7.37	3.74	17.21	0.62	408.32	407.49	406.32	294.01
71	Investment Trusts (96)	923.37	—	—	2.49	—	0.60	923.29	921.96	917.77	661.61
81	Mining Finance (2)	373.13	+1.7	8.37	4.30	14.04	0.00	366.77	371.31	370.35	262.03
91	Overseas Traders (12)	824.14	−0.3	9.79	5.43	12.41	0.00	826.40	828.55	832.75	618.70
99	ALL-SHARE INDEX (727)	918.64	+0.7	—	3.67	—	0.61	912.17	913.67	903.29	692.40

	Index No.	Day's Change	Day's High	Day's Low	Feb 3	Feb 2	Jan 30	Jan 29	Jan 28	Year ago
FT-SE 100 SHARE INDEX ♣	1846.7	+18.1	1846.7	1822.6	1828.6	1832.8	1808.3	1798.1	1812.1	1424.1

FIXED INTEREST

	PRICE INDICES	Wed Feb 4	Day's change %	Tues Feb 3	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	121.16	+0.15	120.98	—	0.85
2	5-15 years	135.30	+0.34	134.84	—	1.37
3	Over 15 years	142.89	+0.81	141.75	—	0.94
4	Irredeemables	155.51	+0.56	154.65	—	0.00
5	All stocks	132.95	+0.36	132.48	—	1.12
	Index-Linked					
6	5 years	117.62	+0.24	117.33	—	0.00
7	*Over 5 years*	114.63	+0.37	114.20	—	0.36
8	All stocks	115.09	+0.35	114.68	—	0.30
9	Debentures & Loans	117.62	+0.42	117.13	—	0.25
10	Preference	83.00	+0.44	82.64	—	0.22

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 4	Tues Jan 3	Year ago (approx.)
	British Government				
1	Low	5 years	9.29	9.33	9.87
2	Coupons	15 years	9.80	9.86	10.38
3		25 years	9.80	9.87	10.40
4	Medium	5 years	10.27	10.33	11.50
5	Coupons	15 years	10.05	10.13	10.85
6		25 years	9.87	9.96	10.54
7	High	5 years	10.33	10.39	11.63
8	Coupons	15 years	10.22	10.29	11.07
9		25 years	9.90	10.00	10.66
10	Irredeemables †		9.73	9.78	10.27
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.35	3.48	4.73
12	Inflat'n rate 5%	Over 5 yrs	3.72	3.74	3.89
13	Inflat'n rate 10%	5 yrs	1.78	1.91	3.72
14	Inflat'n rate 10%	Over 5 yrs	3.56	3.58	3.74
15	Debs &	5 years	10.80	11.03	12.16
16	Loans	15 years	10.92	10.99	11.82
17		25 years	10.93	10.95	11.59
18	Preference †		11.30	11.35	12.11

Opening index 1822.6; 10 am 1827.5; 11 am 1834.7; Noon 1837.3; 1 pm 1842.2; 2 pm 1842.8; 3 pm 1840.7; 3.30 pm 1842.5; 4 pm 1843.5.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

NETHERLANDS

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

FRANCE

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

Closing prices February 4

[illegible]

MONTREAL

Closing prices February 4

[illegible]

Indices

NEW YORK-DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

TOKYO — Most Active Stocks Wednesday, February 4, 1987

[illegible]

[illegible]

† Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

LONDON — Most Active Stocks
Wednesday, February 4, 1987

	Stocks Traded	Closing Price	Change on Day
Brit Gas	37,848	69	+ ½
Plessey	17,000	211	− 3
Hanson Tr.	16,000	146½	+ 4
Bacal	16,000	223½	+ 6½
Brit Telecom	14,800	236	+ 6½
Dixons Group	14,000	331	+13
Marks & Spncr	10,000	193	+ 7
BAT	9,700	496	−10
Gen Elect	8,200	201	+ 1
ICI	7,900	£13$^{15}/_{16}$	unch

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 31

[illegible]

NORTH AMERICAN QUARTERLIES

Continued from Page 16

[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Treas. 13½pc '04-08	£128	+ $1/_{32}$
Bl Arrow	516	+30
BP	782	+17
Conroy Pet.	83	+ 7
Dixons	331	+13
Evered	230	+10
Foster (J.)	89	+10
ICI	£13$^{15}/_{16}$	+ $^{13}/_{16}$
John. Matthey	273	+13
Lon Intl.	318½	+17
Lopex	158	+ 7
Marks & Sp	198	+ 7
Marl Est	775	+80
Mowlem	383	+11
Nott Brick	365	+40
Parambe	69	+ 6
Shell Trans	£11$^{1}/_{16}$	+ ¼
Storeh	295	+10
Tate & Lyle	679	+21
Union Disc	785	+17
Wintrust	320	+17
Yule Catto	313	+13

FALLS

BAT Inds.	496	−10
Dura Mill	95	− 6
Hill Samuel	465	−49
Klein Benson	612	−29
Mercantile House	350	−10
Stand. Chart.	738	−16
Vic Prods	93	−20

Breda returns to profit

By John Wyles

AVIOFER Breda, the Italian transport equipment company, returned to profitability last year with a surplus of L26.3bn ($20.6m) on turnover of L1,565bn.

The result represents an important turnround after losses of L83bn in 1985 and L147bn in 1984. More than 50 per cent of the company's sales are overseas, thanks to the operations of Breda Costruzioni Ferrovarie and the helicopter company, Agusta.

Recovery at Agusta after several years of heavy losses made an important contribution to the group's recovery. Mr Giuseppe Capuano, the group's chairman, said that the return to profit was important because of the role played by the group's 23 manufacturing companies within the wider Efim state holding company.

Efim lost about L146bn last year but it is expecting at least to break-even this year.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
29⅜	17½	AAR s	.50	1.7	21	438	u29⅞	29	29⅜	
30½	21⅞	ADT	.92	3.0		1002	u31⅛	28¾	31⅛	+1½
38	17⅞	AFG s	.12i	.3	11	351	u38½	37¾	38¼	+¼
35⅞	16¾	AGS			24	1672	u37	35⅞	36	+⅛
15	6¾	AMCA				47	7⅜	7⅜	7¾	+⅜
62⅛	46¾	AMR			13	6500	58¾	56	58¾	+2⅞
27½	24	ANR pf2.67		10.		5	26½	26½	26½	−⅜
16½	10	ARX	.71t	5.7	12	336	12½	11¾	12½	+¾
42⅞	28¾	ASA	2a	5.0		463	40⅝	40⅛	40¼	−¼
16⅝	9¾	AVX		2.0		611	16	15¾	16	+¼
32	26	AZP	2.72	8.7	10	6204	31¼	30½	31⅛	+¼
55⅝	33	AbtLb s	.84	1.4	25	9531	u58	55	58	+3⅜
32	25	AccoWd	.62	2.1	18	65	29½	29¼	29½	
14⅛	9	AcmeC	.40	3.1	24	289	12¾	12⅜	12¾	+½
9¼	6½	AcmeE	.32b	3.9	28	9	8¼	8⅛	8¼	
23⅞	17½	AdaEx	3.42e	16.		147	22	21⅝	21⅞	
16⅝	9¾	AdmM s	.24	1.6		145	15	14¾	15	+⅜
20⅝	12⅛	AdvSys	.62i	3.2	16	170	19⅞	19½	19½	−⅜
32⅞	12⅞	AMD			7	9251	21⅜	20⅛	21	−⅛
11⅝	5¼	Adobe				759	8¾	8¼	8¾	+½
18⅛	13¾	Adob pf1.84		10.		340	u18⅜	18	18⅜	+⅜
21¼	16⅜	Adob pf2.40		11.		27	21¼	21¼	21¼	+¼
15⅜	11½	Advest	.12a	.9	11	857	13½	13	13¼	+¼
68¼	53	AetnLf	2.64	4.4	9	3709	60¾	58¾	60½	+1¼
54⅜	51⅛	AetL pf3.94e		7.5		175	52⅝	52⅜	52⅝	+⅛
45¾	18⅞	AflPb s	.32	.7	44	550	45¾	44½	45	−⅜
28¾	18⅞	Ahmns	.88	3.9	7	6289	22⅞	22⅜	22¾	⅛
5¾	2⅞	Aileen				54	4⅛	3⅞	4	
43¼	29⅛	AirPrd s	.80	1.8	974	1532	u45⅛	42⅞	44⅞	+2¼
35⅛	18	AirbFrt	.60	1.8	15	431	34¾	33¾	34⅛	−⅜
8⅞	7¾	Airgas n			7	7⅞	8	7⅝	7⅝	−¼
20⅜	17⅛	Airlse n.49e		2.6		94	18⅞	18⅝	18⅞	+⅛
2	¼	AiMoan				47	13-32	⅜	⅜	
29	25⅜	AlaP pf1.82a		6.7		120	27	27	27	+⅛
10¾	8¾	AlaP dpf.87		8.3		36	10⅝	10½	10½	
104	80	AlaP pf8.16		8.0		z400	102¼	102¼	102¼	+¼
98	77½	AlaP pf8.28		8.4		z470	098	97¼	98	+1
24	14¼	AlskAir	.16	.7	18	1463	23⅝	23¼	23⅜	
25	13½	Albrto s	.24	1.1	30	110	22⅛	21⅝	21¾	−¼
23¼	13½	AlbCulA	.24	1.2	27	19	19¾	19½	19¾	⅛
49½	31¼	Albtsns	.84	1.9	15	1346	43¾	43	43½	+⅜
35¼	27⅝	Alcan	.80	2.3	16	8410	u35⅞	35	35½	+⅝
48½	36	AlcoStd	.28	2.7	17	751	47	46½	46¾	
42⅜	24¼	AlexAlx	1	3.7	130	546	27⅜	27	27¼	+¼
49	34½	Alexdr			115	214	39⅞	39⅛	39⅛	−⅝
73	65½	AlgCp wi				262	72¾	71½	72	−⅜
25¼	11⅜	AlgInt		2.5		77	13⅞	13⅝	13¾	
19¾	9½	AlgIn pr				16	13⅛	12⅞	13⅛	+¼
93½	39	Algl pfC				82	53¾	53½	53¾	+½
53⅞	34⅞	AllgPw	2.92	6.1	12	1558	47¾	47¼	47⅝	+⅛
27¼	14½	AllenG	.56	3.1	17	1169	17⅞	16½	17⅞	+1½
28⅞	20⅞	Allen pf1.75		7.6		29	23	22¾	23	
45½	26¾	AlldPd			12	345	37⅞	35¾	37¾	+1⅞
49½	36¾	AldSgn	1.80b	3.9		3035	46⅞	45⅞	46¾	+1
10⅛	5⅝	AlldSup			15	378	8	7⅝	8	+⅜
6¾	2⅛	AllisCh				147	2⅞	2¾	2⅞	+⅛
40¾	25¼	AlrsC pf				36	26½	26	25	−1

Continued on Page 31

NYSE COMPOSITE CLOSING PRICES

Continued from Page 30

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12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
84	26½	SJuanB43e	4.9		379	8¾	8½	8¾		+ ⅛
12⅝	8¼	SJuanR 2c			10	9¼	9⅛	9⅛		− ¼
33	24	SAnitR2.04	6.3	19	82	32⅝	31⅞	32½		+ ⅞
26⅝	18¼	SFeEP 2.68	15.		115	19¼	18¾	19¼		+ ⅛
39⅝	26¼	SFeSoP 1	2.9		5891	35⅛	33⅝	34⅞		+ ⅞
45	25⅝	SaraLee 1	2.4	19	4236	42⅛	40⅝	41⅞		− ⅜
19	16	SaulRE .20	1.2	43	11	16⅞	16⅝	16⅞		
23⅛	11⅛	SavEP s .88	4.4	10	129	20⅛	20	20⅛		− ⅛
14½	11½	SavE pf1.28	9.6		7	13⅞	13⅛	13⅞		
4½	1⅝	Savin			734	2¼	2⅛	2¼		
6½	3⅛	Savin pf			395	4⅛	3¾	3¾		− ⅜
42⅞	28¾	SCANA2.32	5.8	14	280	39⅞	39⅜	39⅞		+ ⅜
90⅝	60¾	SchrPld.80	2.0	21	1691	89⅝	86⅝	89		
37⅞	27¼	Schlmb1.20	3.1		29548	u39⅝	37⅞	39⅛		+ 1⅜
15	8½	SciAtl .12	.8		2150	u15⅛	14⅝	14⅞		+ ¼

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
20¾	13⅛	Trinty .50	2.4	44	367	u21¼	20⅛	21¼		+ 1⅛
60	36¾	Trinov s 1	1.7	6	353	59⅛	57¾	58¾		+ ¼
134½	86⅞	Trinv pf4.75	3.6		15	131¾	129	131¾		+ ¼
21¾	13⅝	TritEng.10b	.6	13	598	17	16¼	17		+ ⅝
26⅛	20¾	TritE pf 2	7.8		4	25⅝	25⅝	25⅝		
65	44¼	TucsEP5.30	5.2	14	541	64¼	62⅝	63⅛		− 1⅛
24	10⅞	Tultex s .32	1.5	15	398	22¼	21⅛	22		+ ½
18¾	14¼	TwinDs .70	3.8		112	18¼	17¾	18¼		+ ⅜
49¼	26⅝	Tycol s .40	.8	19	258	48¼	47⅜	47¾		− ⅜
17¾	11¼	Tyler .48	2.9	21	x661	13⅞	12⅞	13⅞		+ 1¼

U U U

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
64¾	48½	UAL	1	1.8	224	7105	56½	53½	55⅞	+ 2⅛
32½	15¼	UCCEL			30	480	30⅝	29⅝	30⅝	+ ⅞
26⅝	15⅝	UDC s	2	8.2	7	249	24¼	23⅝	24¼	+ ⅜

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
54	28⅛	Wrigly s .96	1.8	20	92	52⅜	50⅝	52⅛		+ ⅞
4⅛	1⅝	Wurltzr			9	2⅞	2¾	2¾		
17½	11	WyleLb .32	1.9	35	516	16⅝	16⅜	16½		+ ¼
25¾	15¾	Wynns .60	2.8	12	97	21½	20⅞	21⅛		+ ⅛

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
72¼	48⅝	Xerox 3	4.4	18	6519	68¼	66⅝	68		+ 1⅞
58¼	55	Xerox pf5.45	9.6		312	57	56¼	56¾		
28¾	21½	XTRA .64	2.3		207	27⅜	27¼	27¼		
19	13½	Yorkin n			34	18½	18⅜	18½		
6	2¼	Zapata			1929	4	3⅝	4		+ ⅜
43⅞	20¾	Zayre s .32	1.2	18	3664	26	25	26		+ ⅞
17	9¾	Zemex .40	3.4	19	10	11⅞	11⅝	11⅞		+ ¼
29⅞	17⅞	ZenithE			6474	24	22⅝	23⅛		− ⅞
18¼	8	ZenLb s		67	963	9⅛	8⅞	9⅛		+ ¼
22⅝	12⅝	Zero s .36	2.1	19	1399	17¾	17⅜	17½		+ ⅛
45¾	32¾	Zurnin 1.32	3.2	16	93	40⅞	40½	40⅞		+ ½
10⅝	8¾	Zweig n.10e	1.1		843	9½	9¼	9⅜		

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

[illegible]

Continued on Page 29

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Oils fuel widespread rebound

AFTER a hesitant start to the session, Wall Street stock prices surged to record levels yesterday in a broad advance led by oil-related issues, *writes Roderick Oram in New York.*

Bond prices were narrowly mixed in light trading as the Treasury's auction of $9.75bn of 10-year notes brought a somewhat negative outcome. The average yield of 7.27 per cent was slightly higher than expected, and it looked as though some dealers were left with notes in their inventories.

In contrast, stock markets had another sparkling day once the rally began in mid-morning. The Dow Jones industrial average closed the session at a record 2,191.23, up 22.78 points on the day. Records were set by broad market indices as well with the Standard & Poor's 500 rising by 3.65 to 279.64 and the New York and American Stock Exchange composite indices up 2.03 to 159.31 and 5.84 to 311.40, respectively.

NYSE volume expanded to 222.4m shares, its eighth-busiest day ever, with advances outpacing declines by a ratio of nearly three to one.

The oil sector was generally strong. Four major US companies signed long-term supply agreements with Saudi Arabia which might help push up Opec prices. The four were Exxon, up $1½ to $84, Texaco, up $1⅝ to $39½, Chevron, up $2⅝ to $54¾, and Mobil, up $1⅜ to $45½. Other oil companies which improved yesterday included Atlantic Richfield, up $2⅜ to $70, Amoco up $3⅜ to $76⅞, and Standard Oil, up $4¼ to $60⅜.

Oilfield services companies were also well ahead with Schlumberger adding $1⅞ to $39⅛, Baker International $2⅛ to $16½, Hughes Tool $1¼ to $12½ and Halliburton $2 to $33⅜.

Among companies reporting lower fourth-quarter profits Sears Roebuck edged up $⅛ to $46¼, Gould gained $¼ to $19 and Tenneco added $⅞ to $42½.

General Re rose $1⅞ to $57⅝, and Travelers added $⅝ to $48⅝ after reporting higher results in line with the insurers generally. Among others in the industry Aetna Life gained $1¼ to $60½, Fireman's Fund added $1 to $37 and St Paul was up $⅜ to $45⅝.

On the takeover front Mesa Limited Partnership, up $⅛ to $17, launched a $15-a-share bid for Diamond Shamrock, up $¼ to $14¾ on volume of more than 800,000 shares. Diamond Shamrock earlier this week announced a series of moves including the buying back of shares and spinning off of its oil refining and marketing activities to try to head off a bid from Mesa which is run by Mr T. Boone Pickens, the Texas oilman.

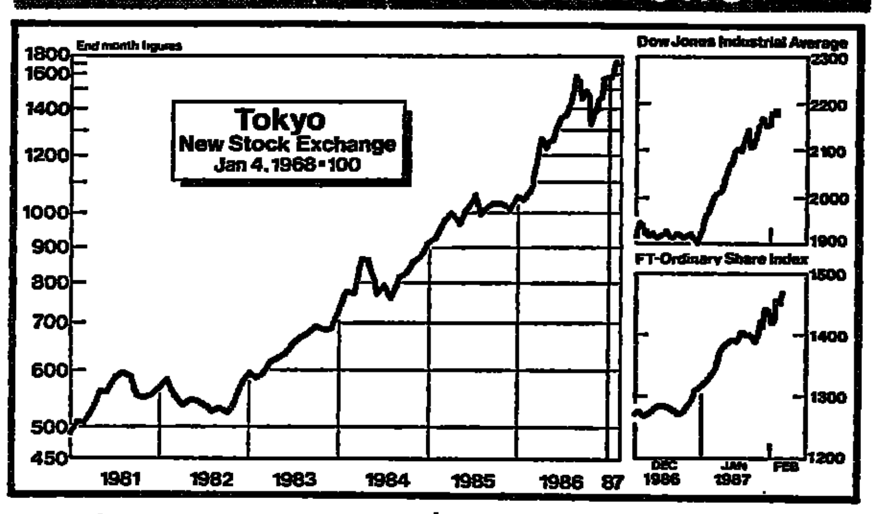
A. H. Robins, a drug company operating under Chapter 11 of the bankruptcy code, jumped $6½ to $19¼ after a delayed opening. It said it had received a "significant" takeover offer from American Home Products which fell $⅛ to $82⅝. Robins was forced into Chapter 11 by lawsuits over its Dalkon Shield contraception device.

Credit markets had started yesterday in a somewhat more cheerful mood as the dollar firmed, the federal funds rate finally fell below 6 per cent and after the successful Treasury auction on Tuesday of three-year notes raised hopes for good results in the last two days of auctions.

But yesterday's sale of 10-year notes did not go as well. The Treasury received bids totalling $21.92bn. It accepted bids with an average yield of 7.25 per cent matching the yield at the previous auction in November although a little higher than expected.

The federal funds rate at which banks borrow reserves from each other had stayed above 6 per cent in recent weeks against analysts' expectations that it would ease to an equilibrium rate of around 5⅞ per cent. The relatively high rate helped keep other short-term interest rates firm. An influx of money from the Treasury into the financial system through, for example, social security payments, was a key factor behind the lower federal funds rate yesterday.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Feb 4	Previous	Year ago
NEW YORK			
DJ Industrials	2,191.23	2,168.45	1,593.23
DJ Transport	911.94	891.84	755.22
DJ Utilities	227.31	226.45	176.45
S&P Composite	279.64	275.99	212.79
LONDON			
FT Ord	1,472.8	1,458.5	1,163.1
FT-SE 100	1,846.7	1,828.6	1,431.6
FT-A All-share	918.64	912.17	692.40
FT-A 500	1,017.86	1,007.9	760.17
FT Gold mines	311.5	309.7	330.4
FT-A Long gilt	9.90	10.0	10.72
TOKYO			
Nikkei	19,973.33	19,956.33	13,138.1
Tokyo SE	1,742.12	1,740.77	1,047.86
AUSTRALIA			
All Ord.	1,512.9	1,502.5	1,075.6
Metals & Mins.	749.1	739.2	525.7
AUSTRIA			
Credit Aktien	203.37	203.14	239.69
BELGIUM			
Belgian SE	4,016.82	4,033.56	2,854.76
CANADA			
Toronto			
Metals & Minls	2,332.3	2,279.5	2,211.0
Composite	3,448.1	3,400.3	2,782.1
Montreal			
Portfolio	1,759.27	1,737.37	1,136.47
DENMARK			
SE	216.94	216.33	225.53
FRANCE			
CAC Gen	413.90	420.70	280.40
Ind. Tendance	105.00	106.80	65.65
WEST GERMANY			
FAZ-Aktien	568.31	575.22	662.09
Commerzbank	1,711.20	1,732.70	1,991.0
HONG KONG			
Hang Seng	2,636.63	2,606.38	1,728.81
ITALY			
Banca Comm.	703.72	704.31	486.45
NETHERLANDS			
ANP-CBS Gen	260.10	260.60	258.7
ANP-CBS Ind	246.80	248.50	250.4
NORWAY			
Oslo SE	371.11	371.52	377.24
SINGAPORE			
Straits Times	972.97	972.83	617.61
SOUTH AFRICA			
JSE Golds	—	2,030.0	1,238.1
JSE Industrials	—	1,534.0	1,092.1
SPAIN			
Madrid SE	251.43	249.66	111.34
SWEDEN			
J & P	2,242.69	2,258.25	1,755.30
SWITZERLAND			
Swiss Bank Ind	574.70	575.30	584.1
WORLD	Feb 2	Previous	Year ago
MS Capital Int'l	402.1	402.4	260.1

COMMODITIES

(London)	Feb 4	Prev
Silver (spot fixing)	361.15p	358.75p
Copper (cash)	£879.00	£877.50
Coffee (March)	£1,598.50	£1,597.50
Oil (Brent Blend)	$17.65	$18.05

GOLD (per ounce)

	Feb 4	Prev
London	$404.75	$401.25
Zürich	$403.00	$401.95
Paris (fixing)	$402.43	$405.38
Luxembourg	$402.00	$403.25
New York (April)	$406.20	$407.20

CURRENCIES

(London)	US DOLLAR Feb 4	US DOLLAR Previous	STERLING Feb 4	STERLING Previous
$	–	–	1.5225	1.5280
DM	1.8150	1.7975	2.7625	2.7475
Yen	152.75	152.40	232.5	232.75
FFr	6.055	6.0025	9.22	9.1725
SFr	1.5320	1.5175	2.3325	2.3175
Guilder	2.0425	2.0270	3.11	3.0975
Lira	1,288	1,280	1,961	1,956
BFr	37.45	37.15	57.0	56.75
C$	1.3255	1.3335	2.0215	2.0355

INTEREST RATES

	Feb 4	Prev
Euro-currencies (3-month offered rate)		
£	11 1/16	11 1/16
SFr	3 7/16	3 7/16
DM	4 1/16	4⅛
FFr	8 15/16	9
FT London Interbank fixing (offered rate)		
3-month US$	6¼	6 5/16
6-month US$	6¼	6 5/16
US Fed Funds	5⅞*	6⅛
US 3-month CDs	5.85*	6.125
US 3-month T-bills	5.61*	5.73

US BONDS

Treasury

		February 4* Price	February 4* Yield	Prev Price	Prev Yield
6⅛	1989	99 17/32	6.379	99 17/32	6.379
7⅛	1993	99 21/32	7.049	99 22/32	7.049
7⅜	1996	100 4/32	7.236	100 1/32	7.241
7¼	2016	99 29/32	7.521	99 27/32	7.529

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Feb 4 Day's change	Yield	Day's change
1–30	161.77	+0.15	6.98	−0.02
1–10	153.77	+0.09	6.69	−0.01
1– 3	143.40	+0.06	6.37	−0.02
3– 5	156.72	+0.09	6.74	−0.01
15–30	190.37	+0.39	7.90	−0.02

Source: Merrill Lynch

Corporate	February 4* Price	February 4* Yield	Prev Price	Prev Yield
AT & T 3⅞ July 1990	(uch)	(uch)	92.256	6.45
SCBT South Central 10⅞ Jan 1993	(uch)	(uch)	105.625	9.635
Phibro-Sal 8 April 1996	(uch)	(uch)	100	8.0
TRW 8⅞ March 1996	(uch)	(uch)	104.00	8.117
Arco 9⅞ March 2016	(uch)	(uch)	112.358	8.70
General Motors 8⅛ April 2016	(uch)	(uch)	93.922	8.70
Citicorp 9⅜ March 2016	(uch)	(uch)	103.254	9.05

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
March	93–13	99–22	99–10	99–08
US Treasury Bills (IMM) $1m points of 100%				
March	94.45	94.54	94.44	94.50
Certificates of Deposit (IMM) $1m points of 100%				
March	–	–	–	94.10
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.74	93.76	93.73	93.71
20-year Notional Gilt £50,000 32nds of 100%				
March	115–20	115–24	114–27	114–22

* Latest available figures

EUROPE
Gloom over dollar persists

NERVOUSNESS about the dollar continued to weigh on leading European bourses yesterday, with **Frankfurt** share prices dropping further and taking the Commerzbank index to a 14-month low.

The index was down 21.5 at 1,711.2 after a brief rally in early trading and despite a higher dollar fixing against the D-Mark. It has now fallen 97 points this week.

Reassessment of German companies' earnings prospects in the light of the dollar's general weakness was compounded by a lower forecast for 1987 economic growth from the HWWA research institute and by higher January unemployment figures.

Among banks Deutsche lost DM 18.50 to DM 693.50, its first fall below DM 700 since December 1985, while Dresdner declined DM 8.80 to DM 338 after news that it had doubled its stake in Metallgesellschaft to 33 per cent. The metals group was steady at DM 250.

Chemicals company Hoechst rose DM 2.50 to DM 234.50 against the trend amid news that the European Commission is to fine it for refusing to allow EEC investigators access to its files for alleged plastics price-fixing.

Thyssen, the steels group, lost DM 1.80 to DM 107.70, a 12-month low, after profits dropped in 1986.

In the retail sector Kaufhof plunged DM 33 to DM 465 following announcement of a DM 210m rights issue.

The insurance group Aachener and Münchener came under further pressure following its planned capital increase.

Its shares dropped DM 40 to DM 1,500 for a two-day fall of DM 200.

Bonds were marginally higher in quiet trading. The Bundesbank bought DM 40.3m worth of paper

Amsterdam finished mixed to higher against the wider European trend but in line with its characteristic sensitivity to the dollar's fluctuations. The US currency firmed against the guilder, helping international stocks such as KLM, up 40 cents to Fl 37.50, Unilever, Fl 1.50 ahead at Fl 501, and Philips, 90 cents higher at Fl 45.50.

Zurich edged lower after its early rally on the slightly firmer dollar had offset by profit-taking by overseas investors, still uncertain about the US currency. Frankfurt's losses also helped to undermine the market. The Crédit Suisse stock index fell 4 points to 542.6.

Brussels was mainly lower on selling by institutional investors although most price declines were small in active trading.

Heaviest losses were seen in holding companies, with Reserve down BFr 50 to BFr 3,150 and GBL off BFr 40 to BFr 3,730.

Paris fell further in active trading, weakened by the dollar and Wall Street's overnight retreat, and heavy overseas selling.

Bouygues lost FFr 25 to FFr 1,290. The construction group said it expected higher 1986 profits and sharply higher sales.

Thomson-CSF, which has won a contract to install instrument landing systems for the British Civil Aviation Authority, was FFr 43 lower at FFr 1,465.

Milan was little changed in thin, featureless trading.

Madrid continued its record run with a 1.77 rise in the general index to 251.43.

Banks were mixed, with Central steady at 1,120 per cent of nominal market value amid news of higher profits

Stockholm moved lower on profit-taking after the recent rally.

SOUTH AFRICA

A MIXED TREND emerged in lacklustre trading in Johannesburg as the financial rand moved slightly higher and the bullion price remained static.

Randfontein fell R8 to R402 and Buffelsfontein eased 15 cents to R75.50, but Driefontein was 35 cents ahead at R77

TOKYO
Late shift to heavy industrials

BUYING INTEREST centred on Aids-related and large-capital issues, taking share prices slightly higher in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average of 225 select issues ended at 19,973.87, up 17.54 points from the previous day. Volume swelled to 1.54bn shares from Tuesday's 1.01bn. Declines led advances by 454 to 392, with 160 issues unchanged.

In early trading, stocks linked to Acquired Immune Deficiency Syndrome (Aids) came to the top of the shopping list. Interest was sparked on Tuesday by press reports that the Health and Welfare Ministry's expert panel had confirmed that Inferferon, an anti-cancer agent, was effective in limiting the spread of Aids.

In afternoon trading, rumours circulated that the finance ministers and central bank governors of the Group of Five major industrial countries might meet on Friday. This generated investor hopes that the Bank of Japan might make another cut in the official discount rate.

As a result, institutional investors and businesses shifted their target from Aids-related issues to large-capital stocks such as steels and shipbuildings. The bond market was also given a strong boost.

Among Aids-related issues, Toray, which had registered a daily allowable gain of Y100 the previous day, surged Y45 at one stage. Later, however, buying interest began to dwindle and the issue ended at Y685, unchanged from the previous day, on 71.66m shares traded.

Sumitomo Chemical, with 48.93m shares traded, finished Y5 higher at Y545 after gaining Y16 earlier. Toyobo fell Y15 to Y425, Sanyo-Kokusaku Pulp Y22 to Y482 and Teijin Y20 to Y700.

Large-capital Nippon Steel topped the active list with 464.90m shares and advanced Y11 to Y266.

Ishiwakajima-Harima Heavy Industries, the second-busiest issue with 84.07m shares traded, leapt Y38 to Y514, Sumitomo Metal Industries Y27 to Y190, Mitsui Engineering and Shipbuilding Y16 to Y201 and Nippon Yusen Y23 to Y538. These issues were considered undervalued compared with Nippon Steel, which has been spiralling since the beginning of this year.

Reflecting a concentration of trading in large-capital stocks, the volume of the 10 most active stocks accounted for 62.9 per cent of the total.

Tokyo Electric Power rose Y10 to Y8,310, while Kansai Electric Power and Osaka Gas registered sharper gains of Y70 and Y18 to Y4,480 and Y730, respectively.

Financial issues were weak, with Sumitomo Bank shedding Y20 to Y3,180, Fuji Bank Y30 to Y2,640 and Nomura Securities Y20 to Y3,760. Tokio Marine and Fire Insurance drew relatively large buy orders and rose Y30 to Y2,180.

Bond prices surged in afternoon trading as a major brokerage house, which had remained on the sidelines since late last week, increased buying following rumours of an imminent G-5 meeting.

On the futures market, March contracts rose to Y105.90, matching the all-time high set on Friday last week.

On the cash market, the yield on the benchmark 5.1 per cent government bond, falling due in June 1996, declined from Tuesday's 4.855 per cent to 4.800 per cent.

HONG KONG

A SURGE of foreign institutional buying pushed Hong Kong to a record and boosted the Hang Seng index 30.25 higher to a peak 2,636.63, a rise of over 140 points in the past five sessions. The Hong Kong index added 20.01 to 1,691.78.

Turnover remained high at HK$1.18bn compared with Tuesday's HK$1.23bn as liquidity was aided by refunds of unsuccessful applications for K. Wah's initial offering being injected into the market.

Hongkong Bank, most active, jumped 30 cents to HK$10.10, while Jardine Matheson rose 60 cents to HK$23.20 in busy trading.

CANADA

THE STRONG ADVANCE continued in Toronto after the composite index breached the 3,400 level for the first time on Tuesday. Most sectors were sharply higher.

British Columbia Forest Products added C$⅜ to C$18½ after Fletcher Challenge of New Zealand agreed to buy a 42 per cent stake.

Montreal was also well ahead with all major groups higher.

LONDON

FIRM STERLING and buoyant government bonds rekindled the London stock market yesterday as the FT-SE 100 surged 18.1 to a fresh peak of 1,846.7 while the FT Ordinary index added 14.3 to a record 1,472.8.

Prices derived early inspiration from the overnight news that Aramco had agreed a fixed price term contract with Saudi Arabia.

BP jumped 17p to 782p on 7.7m shares and Britoil added 5½p to 193p on 4.6m shares while British Gas, most active again with 37.6m shares changing hands, firmed ½p to 69p.

ICI surged on local demand of 7.9m shares and closed £13/16 up at £13 15/16.

Gilts were aided by the firm start to New York bond trading and the opening of the week's auctions of federal securities. Gains of up to a full point were held despite some late attempts at profit-taking.

Chief price changes, Page 29; Details, Page 28; Share price information, Pages 26–27

AUSTRALIA

BARGAIN-HUNTING among golds and industrials added a measure of strength to Sydney and buoyed the All Ordinaries index 10.4 to 1,512.9.

Overseas buyers were busy on the back of a firmer bullion price in Asian trading. Kidston advanced 10 cents to A$7.40, and Australian Consolidated Minerals rose 30 cents to A$6.30 while 10-cent gains were recorded by Emperor and Poseidon at A$6.30 and A$6.60, respectively.

Among industrials FAI jumped 50 cents to A$9.80, and Private Blood Bank, benefiting from recent Aids publicity, surged 56 cents to A$5.06 following a 45-cent gain on Tuesday.

SINGAPORE

PROFIT-TAKING in certain blue chips and trustee stocks contrasted with selective buying interest in Malaysian issues to take Singapore to a mixed close.

The Straits Times industrial index edged 0.14 higher to 972.97, another 29-month high, on lower turnover than on Tuesday.

Among the losers, Cold Storage was down 4 cents at S$3.66, Fraser and Neave 5 cents off at S$9.80 and Singapore Land also 5 cents lower at S$5.90.

Advances among Malaysian issues, which have tended to fall behind Singapore stocks recently, included Malayan Banking, up 15 cents to S$6.25.